



The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

MEETING OF THE PARLIAMENT

Wednesday 10 December 2014

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Scottish Parliament

Wednesday 10 December 2014

[The Deputy Presiding Officer opened the meeting at 14:00]

Portfolio Question Time

Fair Work, Skills and Training

The Deputy Presiding Officer (John Scott):

Good afternoon. The first item of business is portfolio questions. To get as many questions in as possible, I would prefer short and succinct questions and answers.

Graeme Dey does not appear to be here to ask question 1, so we will go straight to question 2.

Youth Employment (Edinburgh Western)

2. Colin Keir (Edinburgh Western) (SNP): To ask the Scottish Government what the youth employment trends are in the Edinburgh Western constituency. (S4O-03792)

The Minister for Youth and Women's Employment (Annabelle Ewing): The Office for National Statistics advises that the sample size in the annual population survey for the past two years is too small to obtain a statistically reliable indication of recent youth employment trends in the Edinburgh Western constituency. However, I can say to the member that youth unemployment in Scotland is at its lowest rate for five years and that, in comparison with the United Kingdom, we have a higher youth employment rate and a lower youth inactivity rate.

Colin Keir: Does the minister agree that programmes for investment in young people, such as learning for life, which is run by Diageo in my constituency, are vital if we are to maintain professional competence and drive in all sectors of the economy?

Annabelle Ewing: I agree that investing in our young workforce is essential for sustainable economic growth across all sectors of the economy. It is clear to me that employers have a crucial role to play in the development of young people. Diageo is a shining example of a business that recognises that tapping into the talents of a young and diverse workforce not only is the right thing to do but makes economic sense for employers and for Scotland. Diageo's commitment to youth employment was recognised recently when the company was among the first in Scotland to gain the new investors in young people award, which is an accolade that the Scottish Government supports for businesses that

have a strong track record of recruiting and developing Scotland's young women and men.

The rolling out of an accolade that recognises firms that have taken a particular interest in supporting our young people was a key recommendation of the commission for developing Scotland's young workforce. The investors in young people award is available only in Scotland and is another example of how the Scottish Government and Scottish employers are committed to supporting our young men and women into employment and to growing their talent.

Living Wage (Education Sector)

3. Hanzala Malik (Glasgow) (Lab): To ask the Scottish Government what steps it is taking to ensure that all workers in the education sector are being paid at least the living wage. (S4O-03793)

The Cabinet Secretary for Fair Work, Skills and Training (Roseanna Cunningham): As the member will know, we are the first and only Government in the United Kingdom to commit to paying the living wage to employees who are covered by our pay policy and to employees in the national health service. However, the Scottish Government is not able to set pay levels in the private sector or indeed in the wider public sector. Pay for higher and further education and local government employees is a matter for their employers and trade unions. That said, as the member also knows, we strongly encourage all organisations to follow our example.

Hanzala Malik: I welcome the recent announcement about the agreement that has been reached to ensure that all cleaners at Scottish Government locations will be paid the living wage. However, the agreement relates only to staff who are directly employed by the Scottish Government. Last week, James Kelly pointed out that Mitie employs cleaners in Anniesland College who are indirectly paid by the Scottish Government but are not being paid the living wage. Will the cabinet secretary assure me that all companies that bid for new or renewed contracts with the Scottish Government will be required to pay at least the living wage to all their employees in future?

Roseanna Cunningham: As I just said, we are not able to set pay policy other than for our direct employees, and conversations about people who are contracted in the wider public sector need to be had with the individual organisations, such as colleges, and directly with the contractors.

However, as I think the member is aware, we will publish statutory guidance to the wider public sector—that should be done by the end of 2015. I very much hope that people will take notice of the guidance, which will be for public bodies and will

be on how workforce-related matters, including the living wage, may be taken into account in public procurement processes. We simply do not have the power, at the moment, to mandate what the member—and, indeed, I—would like to see.

John Mason (Glasgow Shettleston) (SNP): Does the cabinet secretary agree that the real answer to Mr Malik's problem would come if Scotland had control of the statutory minimum wage and could then control pay policy throughout society?

Roseanna Cunningham: Of course. It is unfortunate that the Smith commission recommendations do not go as far as we would have liked. If we had control of the minimum wage, we could set policy in a much more direct fashion than we are currently able to do and that would also help with the slightly tricky procurement issues in respect of the European Union directives.

Youth Employment Training (Support)

4. David Torrance (Kirkcaldy) (SNP): To ask the Scottish Government what support it has given to youth employment training in the last year. (S4O-03794)

The Minister for Youth and Women's Employment (Annabelle Ewing): The number of young people unemployed in Scotland is at its lowest level for five years, with Scotland outperforming the United Kingdom on both youth employment and youth inactivity rates.

In each year of the current parliamentary session, the Government has asked Skills Development Scotland to deliver 25,000 modern apprenticeships, increasing year on year to 30,000 by 2020, and 17,150 pre-employment training places through the employability fund. The majority of starts on those programmes continue to be firmly targeted at young people. In addition, we have established the youth employment Scotland fund, which supports employers to recruit young people, and community jobs Scotland, which provides job training opportunities for young people in a supportive third sector environment. Such interventions continue to enhance the skills of our young people and support transitions to further study, training and employment.

David Torrance: According to the Scottish index of multiple deprivation, 16.6 per cent of the population of my Kirkcaldy constituency is employment deprived, compared with 12.8 per cent of the population of Scotland as a whole. What additional support does the Scottish Government make available to prepare young people who are living in deprived areas for employment?

Annabelle Ewing: Opportunities for all is the Government's explicit commitment to offering a place in learning or training to every 16 to 19-year-old who is not in employment, education or training. Through local youth employment activity plans, Skills Development Scotland is working with local partners across Fife and Scotland to make sure that training provision is closely aligned to the needs of young people in each local authority area. In that way, we ensure access for all regardless of social background.

Furthermore, a refresh of the youth employment strategy will be published this month and will focus on the long-term aim of implementing the recommendations of the commission for developing Scotland's young workforce. In the context of improving labour market conditions, there will be a refocus of current programmes to incentivise the recruitment of young people who face barriers. We will support small businesses to offer modern apprenticeship opportunities and there will also be a focus on encouraging businesses to offer more higher-level modern apprenticeships.

Mary Scanlon (Highlands and Islands) (Con): Why are 30,000 16 to 19-year-olds not in education, employment or training when there are so many of the strategies that the minister has now repeated three times today on offer?

Annabelle Ewing: There are indeed a number of strategies, but surely we are all determined that our young people should have opportunities in life. The modern apprenticeship programme is indeed exceeding its ambitious target of creating 25,000 apprenticeships a year, rising to 30,000 by 2020.

It is also fair to reflect that the unemployment trend in Scotland is at its lowest for five years. That is evidence of the direction of travel that our policies are ensuring in Scotland. We all have a duty to our young people to do all that we can to maximise their opportunities. In my new portfolio, I hope to work with people across the chamber to ensure that that objective is met.

Commission for Developing Scotland's Young Workforce (Implementation of Findings)

5. Jayne Baxter (Mid Scotland and Fife) (Lab): To ask the Scottish Government what progress it is making with the implementation of the findings of the report of the commission for developing Scotland's young workforce. (S4O-03795)

The Cabinet Secretary for Fair Work, Skills and Training (Roseanna Cunningham): Since publication of commission's report in June, we have made considerable progress in taking forward its recommendations. We have already deployed £5 million of £12 million allocated in

2014-15, with a further £16.6 million set aside for this work in 2015-16. Our commitment to the young workforce is clear.

I will be able to say a good deal more about how we will implement the commission's recommendations next week, during the debate in the chamber.

Jayne Baxter: The National Deaf Children's Society has highlighted that deaf young people's educational outcomes and opportunities to enter the workforce vary dramatically in comparison with those of their peers without additional support needs. The cabinet secretary will be aware of tomorrow's members' business debate on deaf children's educational attainment. Will she commit to ensuring that deaf young people's specific needs are not forgotten as the commission's findings are implemented?

Although I welcome the commission's recommendations to increase opportunities for young disabled people, will the cabinet secretary consider the NDCS's recommendations to improve deaf young people's educational, employment and training outcomes?

Roseanna Cunningham: I thank Jayne Baxter for raising that issue in the chamber. It is important for us to remember that there are a great many access needs across our society. I discussed some of them at the national economic forum this morning and the issue of disabled access to employment was part of that conversation.

I reassure Jayne Baxter that we are taking on board all those issues. We are not only looking at issues for the young workforce, but implementing the fair work programme, which I am taking forward on roughly the same timescale. Jayne Baxter might be pleased when she hears more information about that, because it is very much part and parcel of what we want to ensure: that everybody, regardless of their background or ability, is able to get some access to employment, and to make that employment the best that it can be.

Jamie McGrigor (Highlands and Islands) (Con): The commission's recommendation 15 says:

"Businesses across Scotland should be encouraged and supported to enter into 3-5 year partnerships with secondary schools. Every secondary school in Scotland and its feeder primaries should be supported by at least one business in a long-term partnership."

Does the minister agree that a partnership approach is very important to increase school pupils' understanding of local businesses in their area? What specific support is the Government providing to ensure that that recommendation is implemented across Scotland?

Roseanna Cunningham: As Jamie McGrigor knows, we are talking about a seven-year programme across the sectors. Early action is clearly needed to assess the cost of full implementation over the whole of those seven years. However, we are confident that the £28.6 million allocated over this year and next will address costs in the early stages. The commission recommended that its recommendations should be met through mainstream funding; it was not looking for additional special funding.

Jamie McGrigor raises an important issue and we are aware of the need to ensure that the partnerships develop as well as they can. This will not work without partnership development. Partnerships are not just about what Jamie McGrigor is talking about; they go much wider than that.

We are absolutely clear that partnerships will not succeed without the involvement of schools and the education sector. That is why we are putting a very strong focus on them, which will be very much part and parcel of what we will discuss next week in the chamber.

Young People (Recruitment and Training by Smaller and Micro Businesses)

6. Joan McAlpine (South Scotland) (SNP): To ask the Scottish Government whether it has developed a recruitment incentive package to equip and support smaller and micro businesses to recruit and train more young people. (S4O-03796)

The Minister for Youth and Women's Employment (Annabelle Ewing): In response to the economic downturn that followed the 2008 global financial crisis, the Scottish Government acted quickly in partnership with local authorities to establish the youth employment Scotland fund, which offers recruitment incentives to help micro, small and medium-sized businesses employ young people.

Given the improving labour market conditions, we will be reviewing that fund and other recruitment incentives. The review will form part of our refresh of the youth employment strategy and will be in the context of our work to implement the recommendations of the commission for developing Scotland's young workforce's report, "Education Working For All!"

I look forward to hearing members' contributions to the debate on our implementation plan, which will, as the cabinet secretary indicated, take place next week.

Joan McAlpine: Great progress has been made in Dumfries and Galloway on modern apprenticeships, with numbers having doubled since 2007. As the minister said, there will be

further benefits when the Wood report recommendations are implemented, in particular with more help being given to micro businesses, which dominate in the area. How will that implementation be rolled out across the country?

Annabelle Ewing: I thank the member for her interest in the subject. I am delighted with the increase in the number of modern apprenticeship starts in Dumfries and Galloway since 2007. We will of course seek to build on that with a wider expansion of the modern apprenticeship programme, as we work towards our new ambitious target of 30,000 new opportunities each year by 2020.

Through the development of skills investment plans and wider industry engagement, we are identifying opportunities to promote the benefits of apprenticeships to businesses big and small across Scotland.

As recommended by the commission for developing Scotland's young workforce, we are working to better understand the barriers that are faced by small and medium-sized enterprises when taking on modern apprentices. We will look to develop appropriate support to help those businesses throughout Scotland.

Details of our plans will be included in the implementation plan, which we look forward to debating next week.

Work Programme (Devolution to Local Authorities)

7. Drew Smith (Glasgow) (Lab): To ask the Scottish Government whether it will support devolving to local authorities delivery of the work currently carried out under the Department for Work and Pensions' work programme. (S4O-03797)

The Cabinet Secretary for Fair Work, Skills and Training (Roseanna Cunningham): The Government agrees that partnership is crucial to the current delivery of employability services in Scotland. That commitment was clearly set out in our 2012 employability framework, "Working for Growth", continuing through the Scottish employability forum. Partnership will therefore be key to the successful delivery of any new employment programmes.

We recognise the need for, and value of, locally tailored services to meet the needs of individuals and local labour markets. We think that we can do that best in concert with the third sector and local authority employability schemes.

Drew Smith: Glasgow is the powerhouse of the Scottish economy. With the ability to tailor support for jobseekers that reflects the reality of local labour markets around the country, we have a real

opportunity to improve the successor arrangements for the work programme.

Will the cabinet secretary agree to meet representatives of Glasgow City Council in early course to discuss devolution of the work programme? Will she give further consideration to how the work of Skills Development Scotland could be better aligned to take into account local need and local opportunity?

Roseanna Cunningham: It is fair to say that, since the Smith commission report was published, the Scottish Council for Voluntary Organisations, Skills Development Scotland and the Convention of Scottish Local Authorities have all expressed a view that they would be able to run the new employment programmes emanating from the agreed devolution. We do not actually have that devolution yet, of course, and we are still in the process of trying to establish when that will come to us.

However, I am happy to commit to meeting representatives of whichever organisation members wish me to meet to discuss all the issues that lie within this area of my portfolio responsibility. In any case, I would have expected to meet representatives of organisations as large as Glasgow City Council in the normal course of events. I can promise the member that that conversation will take place.

Work Programme (Extension)

8. Bob Doris (Glasgow) (SNP): To ask the Scottish Government what engagement it has had with the United Kingdom Government regarding the extension of the Department for Work and Pensions' work programme. (S4O-03798)

The Cabinet Secretary for Fair Work, Skills and Training (Roseanna Cunningham): Last week, I wrote to Iain Duncan Smith, the Secretary of State for Work and Pensions, to note that the decision of UK ministers to extend the work programme contract without reference to the Scottish Government was incompatible with the terms of the Smith commission agreement on the devolution of contracted DWP programmes.

On 3 December, Iain Duncan Smith responded to me to indicate that ministers had made the decision in August and would not change that decision.

Bob Doris: I agree with the Scottish Council for Voluntary Organisations, which said that the extension of the contract has caused a

"delay in ridding Scotland of this exploitative, punitive and under-performing programme."

Does the cabinet secretary agree that, when Scotland designs its own employability programmes, such as community jobs Scotland,

which cost just £35 million and is approaching its 5,000th successful job, they meet employment and training needs far better than the UK Government? Does she agree that the UK's decision should be reversed, and that the work programme should be passed to Scotland as a matter of urgency?

Roseanna Cunningham: I agree, of course. Drew Smith might be interested in this aspect of the discussion, too. I can assure Bob Doris that our ambitions in delivering employment services through the devolved powers outlined by the Smith commission exceed the success that the work programme has so far achieved in Scotland, which, by our assessment, is nowhere near good enough.

In designing employability services, we can continue to draw on the strengths of a range of partners—I have already mentioned Skills Development Scotland, local authorities and the third sector—and build on their current successful delivery across a range of initiatives.

The Scottish Government is committed to providing the best possible support for the unemployed, but we do not believe that we can do that unless we have the ability to make the changes that we consider to be necessary. Right now, it does not look as though we will have that ability any time in the near future.

Social Justice, Communities and Pensioners' Rights

New Homes (Town Centres)

1. Murdo Fraser (Mid Scotland and Fife)

(Con): To ask the Scottish Government what action it is taking to encourage more new homes to be built in town centre locations. (S4O-03801)

The Minister for Housing and Welfare (Margaret Burgess): The Scottish Government's town centre action plan is clear on our commitment to town centre living. We launched a £2.75 million town centre housing fund to bring more empty town centre properties back into residential use. That will secure 82 units for affordable housing.

Complementing that, new guidance that was published in August 2014 encourages local authorities to fully consider the role that town centres can play as residential communities when drawing up their local housing strategies.

Murdo Fraser: I thank the minister for her response. I am sure that she will be aware that, with the changing nature of retail, we are seeing more and more disused shops in secondary trading situations. What more can be done to encourage conversion of those disused shops into

residential properties? Also, what more can be done to encourage conversion of empty spaces above shops in town centre locations? In relation to planning, what specific encouragement will the Scottish Government give to local authorities to be more flexible in their approach to applications for such conversions?

Margaret Burgess: We have certainly given guidance to local authorities through our town centre first principle. Also, we have not just the town centre housing fund, but the empty homes fund, which is about encouraging town centre properties to be brought back into use. I have visited some of those properties recently. We are looking again at our empty homes loan fund and trying to align it better with our town centre housing fund in order to make the best use of those funds. One of the things that we are looking at is premises that are above shops or retail spaces. We are also looking at retail premises that are no longer in use, or that will no longer be in use, for retail purposes.

Mary Fee (West Scotland) (Lab): Can the minister tell me how many affordable homes were built as a result of the investment in the town centre housing fund and what the current status of the fund is?

Margaret Burgess: As I mentioned in my initial answer, 82 properties will be secured through the town centre housing fund. Through the empty homes fund, we brought 76 properties back into use in its first year, 278 properties back into use the following year and this year we have already exceeded that figure. Some of those empty homes are in town centres and some are not. The town centre housing fund has all been used and we intend to bring 82 homes into use through it.

Empty Shops

2. Roderick Campbell (North East Fife)

(SNP): To ask the Scottish Government what its response is to the Local Data Company's recent report on empty shop numbers. (S4O-03802)

The Minister for Local Government and Community Empowerment (Marco Biagi): I welcome the recent finding in the Local Data Company's report that the retail vacancy rate in Scotland has fallen from 14.5 per cent in 2013 to 13.7 per cent this year.

That statistic does not reflect local variation, but it does suggest that, overall, the town centre action plan may already be having a positive impact. The "Town Centre Action Plan—One Year On" report, which was published on 4 November, provides a progress update of the activity that is under way and highlights the measures that are designed to help our town centres to diversify, including the adoption of the town centre first

principle, the promotion of the business improvement district model and related initiatives such as the can do towns challenge.

Roderick Campbell: I thank the minister for that answer. He will be aware that Anstruther, in my constituency, was highlighted as one of the most improved towns. It was also found to have the highest proportion of independent shops. Does the minister believe that that is a factor in the reduction in shop vacancies? What additional support can the Government offer to independent business start-ups?

Marco Biagi: Anstruther is well known for its independent shops, including—if I may say so—the sort of independent fish and chip shops that quite literally put food on my table as I was growing up. I congratulate all who are involved in making the place a success.

The town centre action plan recognises the value of healthy small businesses. I highlight the support that we are giving, through the most generous package of support for small business anywhere in the United Kingdom, which totals £594 million, and through the small business bonus—which helps businesses with small properties or a small number of people—fresh start relief, business gateway and the enterprise agencies.

The Community Empowerment (Scotland) Bill that is currently going through Parliament will allow local authorities to launch targeted business rates schemes of their own, which they may well wish to focus on town centres.

Pensioners' Rights (Impact of Ageing Populations)

3. Sarah Boyack (Lothian) (Lab): To ask the Scottish Government what assessment it has made of the impact of an ageing population on pensioners' rights. (S4O-03803)

The Cabinet Secretary for Social Justice, Communities and Pensioners' Rights (Alex Neil): Before I answer the question, I wish Ms Boyack all the best in the Labour Party leadership election. Had I a vote, I would have voted for her.

The Scottish Government routinely uses emerging evidence on demographic change in its policy development process. As a consequence, we have undertaken a range of actions to support pensioners' rights.

Sarah Boyack: I thank the cabinet secretary for his reply. Sadly, the ballot is now closed, so he can no longer join our party and give me that vote.

With the proportion of the population who are of pensionable age being projected to increase in the coming decades, we are all interested to know more about the impact that that will have on the

Scottish Government's responsibility for public sector pensions. I note from this year's budget that the overall funding for the Scottish Public Pensions Agency is set to increase by more than 40 per cent in real terms, which includes an increase of more than 50 per cent in funding for the national health service superannuation scheme.

Can the cabinet secretary clarify the reason behind the significant increase, and provide assurances that funding for public sector pension schemes is sustainable in the long term?

Alex Neil: First, I emphasise Sarah Boyack's point about the ageing population. The figures for the next 20 years show that the number of 75-year-olds will increase very significantly. In fact, the registrar general estimates that one fifth of all the babies born in Scotland today will live until they are 100 years of age. That increase is a permanent feature of our society, not a short-term phenomenon.

On public sector pensions, Sarah Boyack will know that we have in the past two or three years been in detailed discussions with the Treasury, because the United Kingdom Government has responsibility for most of those pensions and for deciding the employer and employee contributions. She will know that the employee contribution has been rising in recent years, even at a time of pay restraint, which we have opposed. That is one of the reasons why the funding situation has changed. The UK Government is now increasing the employer contribution, which is one of the major reasons why there is such pressure on our health budget, for example.

Empowering Communities Fund (Additional Investment)

4. Angus MacDonald (Falkirk East) (SNP): To ask the Scottish Government what benefit it expects the additional £10 million being invested in funding and empowering communities to bring. (S4O-03804)

The Minister for Local Government and Community Empowerment (Marco Biagi): The Scottish Government expects that additional funding to bring huge benefits to communities throughout Scotland, especially those that are suffering disadvantage.

The precise benefits will be determined by communities themselves, as they are best placed to know which challenges and opportunities to focus on in order to deliver more prosperity and fairness.

Angus MacDonald: The new £10 million empowering communities fund is very welcome, and I will certainly encourage communities in my Falkirk East constituency to take advantage of it.

For communities to be engaged, however, requires local bodies such as community councils to be active. As the minister will be aware, there are some areas of Scotland without community councils. What can the Scottish Government do to encourage participation and ensure that every square mile of Scotland is represented by a community council?

Marco Biagi: Local authorities have statutory oversight of community councils and are required to set up schemes for their areas. We have been working since 2013 in collaboration with the Convention of Scottish Local Authorities and the Improvement Service to roll out support, start a website to raise public awareness, provide resources and work through the network of community council liaison officers.

The Government takes community empowerment very seriously, but it must work from the ground up. The Community Empowerment (Scotland) Bill recognises the importance of bodies such as community councils and will confer extra powers on them. I know from some of my visits that, where community councils set up community development trusts, they often demonstrate what a great job community councils can do. There is nothing better for community empowerment than leadership by example.

Referendum (Democratic Participation)

5. Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP): To ask the Scottish Government how it will ensure that the high level of democratic participation seen in the referendum continues. (S4O-03805)

The Minister for Parliamentary Business (Joe FitzPatrick): The Scottish Government has a strong record of public engagement, which is demonstrated through a programme of Cabinet meetings in venues the length and breadth of Scotland, an extensive series of public town hall meetings and regular engagement with stakeholders. We want to continue that conversation with the people of Scotland and be a Government that is defined by its openness and accessibility.

In the summer, we launched a consultation exercise to seek views on how we can improve the quality of democracy in Scotland by encouraging wider engagement and participation in elections. Our programme for government, which was published in November, sets out our commitment to strengthen the way in which we engage and involve people and communities in decision making so that they get the opportunity to argue for the outcomes that they want. In doing that, we will use the lessons learned in the referendum to harness and maintain the incredible participation and engagement levels that we all witnessed.

Christina McKelvie: The minister will be as aware as I am of the democratic participation that took place, from the very youngest in our society to, shall I say, the more mature. Like me, he will be delighted to hear that the Labour Party now supports votes at 16. In a recent debate that I led, members of all parties supported votes at 16. Given that, does he agree that we should have responsibility for the franchise transferred to the Scottish Parliament as quickly as possible, rather than wait for the Smith proposals, to ensure that 16-year-olds can vote in the 2016 election?

Joe FitzPatrick: The short answer is yes. The Smith commission recognised the need for that to happen. It recommended that the Scottish Parliament should have all powers in relation to Scottish Parliament and Scottish local government elections.

Lord Smith called on the United Kingdom Parliament to devolve the relevant powers in sufficient time to allow the Scottish Parliament to extend the franchise to 16 and 17-year-olds for the 2016 election. The First Minister has emphasised the need to make rapid progress on that, including in a letter to the Prime Minister on 26 November and when she met the Secretary of State for Scotland on 4 December.

Glasgow City Council (Meetings)

6. Paul Martin (Glasgow Provan) (Lab): To ask the Scottish Government when the Cabinet Secretary for Social Justice, Communities and Pensioners' Rights last met representatives of Glasgow City Council and what matters were discussed. (S4O-03806)

The Cabinet Secretary for Social Justice, Communities and Pensioners' Rights (Alex Neil): I have not had the pleasure of meeting representatives of Glasgow City Council since assuming my current ministerial responsibilities.

Paul Martin: Will the cabinet secretary join me in congratulating Glasgow City Council on its affordable warmth dividend, which is paid to the over-80s? To ensure that that good work in directly tackling fuel poverty continues, will he ensure that Glasgow receives a fair award in the local government finance settlement, on which we will hear a statement tomorrow?

Alex Neil: The local government finance settlement remains the responsibility of my colleague the Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy, John Swinney. It would be entirely wrong of me to pre-empt the statement that he will make to Parliament.

Margaret Mitchell (Central Scotland) (Con): Is the cabinet secretary aware that deafblind people in Glasgow have to contribute up to £168 per

week to Glasgow City Council for a guide communicator, whereas deaf people can access a British Sign Language interpreter free at the point of use? Will he confirm whether other local authorities provide free guide communicators to deafblind people? Does he agree that charging for guide communicators risks depriving deafblind people of essential support, which can affect not just their quality of life but their ability to do what the rest of us take for granted?

Alex Neil: I have a lot of sympathy with the fair points that Margaret Mitchell makes. A wider issue is the social care charge increases in Glasgow City Council in recent times. As she knows, the Convention of Scottish Local Authorities has strict guidelines on how care charges should be applied. Clearly, an issue has to be addressed in Glasgow, because some of the increases have been extremely steep, and they apply to the most vulnerable members of our community. Therefore, I have a great deal of sympathy with the member's point but, as the Cabinet Secretary for Social Justice, Communities and Pensioners' Rights, I have no powers to intervene.

Anti-poverty Measures (Highlands)

7. Dave Thompson (Skye, Lochaber and Badenoch) (SNP): To ask the Scottish Government what specific anti-poverty measures it considers are needed to support people in the Highlands. (S4O-03807)

The Minister for Housing and Welfare (Margaret Burgess): The challenges of living in rural areas are well understood. Increasing travel and fuel costs and issues with access to digital services can often have a greater impact in rural areas such as the Highlands and Islands. The measures that are needed to address those challenges are wide ranging and there is no single solution.

Our revised child poverty strategy takes a national approach to tackling poverty with the aim of improving outcomes for households across Scotland. It includes actions such as investing more than £300 million since 2009 and a further £94 million this year and next in measures to address fuel poverty, and encouraging greater digital participation and use of the internet in rural areas.

Dave Thompson: In a parliamentary debate just over 18 months ago, I raised the issue of higher electricity prices in the Highlands and Islands. Does the minister think that it is socially just that electricity consumers in the north pay more for their electricity than those in other parts of the land?

Margaret Burgess: The member raises an important issue. He will be aware that energy

regulation and prices are a reserved matter. However, as the Minister for Business, Energy and Tourism, Fergus Ewing, said in Parliament last month, the Government is

"concerned about the level of energy bills throughout the country"

and

"especially in the north of Scotland."—[*Official Report*, 5 November 2014; c 8.]

Fergus Ewing has since raised the issue of high electricity bills in the north of Scotland directly with the chief executive of the Office of Gas and Electricity Markets, and he has written to the Secretary of State for Energy and Climate Change. Fergus Ewing has highlighted our concerns about the impact of the charging arrangements and the apparently slow pace of progress in Ofgem's further investigation, and he will continue to press for a timely and effective resolution.

North Lanarkshire Council (Meetings)

8. Richard Lyle (Central Scotland) (SNP): To ask the Scottish Government when the Cabinet Secretary for Social Justice, Communities and Pensioners' Rights last met North Lanarkshire Council. (S4O-03808)

The Minister for Local Government and Community Empowerment (Marco Biagi): Neither the Cabinet Secretary for Social Justice, Communities and Pensioners' Rights nor I have met representatives of North Lanarkshire Council since assuming our current ministerial responsibilities.

Richard Lyle: Labour-controlled North Lanarkshire Council is still dragging its feet on settling staff pay claims. It continues to have meetings to discuss the matter in private. It does not allow opposition councillors to see paperwork before those meetings and it gathers the paperwork back in after the meetings. In the light of Labour's hypocrisy on paying the living wage but failing to meet equal pay claims, what action can the minister take to ensure that the council stops dragging its feet?

Marco Biagi: I am appalled at the level of reluctance and foot dragging that has been demonstrated and which I have observed in the country. It is unfair to women, and fighting tooth and nail to avoid paying out stands against all values of fairness.

Unfortunately, because of the close legal relationship between the employer and the employee, the Scottish Government has no power to intervene. However, I repeat that such behaviour is unacceptable. The Equal Pay Act was passed in 1970, and there is no place for this

historical wrong to be defended in court by people who are supposed to represent all people in their area, whatever gender they may be. I do not think that what is happening should go unchallenged, and I do not intend to let that happen.

Paternity Leave (Fathers in Receipt of Jobseekers Allowance on Mandatory Placements)

9. Christian Allard (North East Scotland) (SNP): To ask the Scottish Government what the equalities impact will be in Scotland of the United Kingdom Government's decision not to honour the legal entitlement for paternity leave for fathers who are in receipt of jobseekers allowance and are in mandatory work or community placements. (S4O-03809)

The Cabinet Secretary for Social Justice, Communities and Pensioners' Rights (Alex Neil): The Scottish Government believes that, ideally, all fathers, including those on out-of-work benefits, should be able to spend quality time with their new babies. I urge the Department for Work and Pensions to examine the policy again and to consider whether it is in the best interests of children. This UK Government policy threatens to be detrimental to low-income, vulnerable families.

Christian Allard: Does the cabinet secretary agree that the policy undermines the early years work that the Scottish Government is carrying out across portfolios to reduce poverty and inequality?

Alex Neil: I absolutely agree. As the member knows, we have a range of initiatives, including the expansion of nursery entitlement, the early years collaborative and the early years change fund. It ill behoves the UK Government to impose such a restriction at a time of need, particularly when it preaches the values of family life. Our view is that family life should be promoted and protected at every opportunity and that fathers should get the maximum opportunity to look after their children at such a young age. I totally agree with the member and think that, from a humanitarian point of view, the UK Government should think again on its policy.

Smith Commission

The Deputy Presiding Officer (John Scott): The next item of business is a debate on motion S4M-11830, in the name of Ruth Davidson, on the Smith commission.

14:40

Ruth Davidson (Glasgow) (Con): The Smith commission process was a remarkable feat of fast-forward constitutional reform. As this Parliament debates the commission's verdict for the first time today, let me state the facts.

The proposals that were unveiled by Lord Smith, coming on top of those that were introduced by the Calman commission, will create in Scotland one of the most powerful Parliaments of its kind anywhere in the world. Those powers will ensure that real responsibility exists for the way in which money is both spent and raised; they will give the Scottish Government real choice over taxation and welfare; and they will make ministers accountable for their decisions. The powers will end the tired old grievance politics that have dominated our debates for too long; instead, they will force our Government to think about the taxpayers and businesses whose efforts pay their bills. Lord Smith and all the party nominees are to be congratulated on reaching that deal, which will secure the foundations for a more powerful and responsible Parliament—a Parliament that does not just spend tens of billions of pounds of hard-earned money but has to think about where that money comes from: the taxpayer.

More decisions will be made in Scotland, but we also keep the crucial binding elements of the union: the state pension, the single market and the shared currency. We keep those because the people of this nation instructed us to do so. I have said before in this chamber and I say again now that the only fixed constitutional settlement on the ballot in September was independence, and it was expressly rejected by the voters of this country. Now, under Smith, we will be able to choose whether to raise taxes or cut them and whether to spend more on welfare, transport or anything else. There are big decisions to be made on fracking, on whether to lower the voting age and on the tax that we pay at our airports—those issues are all to be devolved. We know that it will take time for the reforms to come into practice, but what surely cannot now be doubted is the political will to bring them in.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): Will the member give way?

John Mason (Glasgow Shettleston) (SNP): Will the member give way?

Ruth Davidson: If the two gentlemen can decide between themselves, I will give way to one.

Stewart Stevenson: Like the member, I very much welcome the new powers for this Parliament. Does she assert that we will be more powerful than the provinces of Canada, the states of the United States, the Länder of Germany and the states of Australia?

The Deputy Presiding Officer: Your point is?

Stewart Stevenson: Can the member tell us of any tax in any of those places that we cannot assert? She will not have to look very far.

Ruth Davidson: I welcome the member's welcome for the Smith commission powers and tell him that I do not need to assert anything. As I said on Thursday during First Minister's question time, we asked the Scottish Parliament information centre to look into the point that he has raised and it came back showing that even the Länder of Germany and the states of the United States do not have the powers over tax raising or tax spending that this legislature will have.

Rob Gibson (Caithness, Sutherland and Ross) (SNP): Will the member give way?

Ruth Davidson: Not at this time.

Let us look at the timetable for the transfer of powers. We know that the draft clauses that flesh out the heads of agreement will be produced by 25 January, meeting the next phase of our commitment to the people of Scotland.

I am pleased that the Secretary of State for Scotland has already brought together a team of leading officials in the Scotland Office, Her Majesty's Treasury, the Department for Work and Pensions and the Cabinet Office. Their task is now to work together to ensure that we get a representative, coherent piece of legislation that delivers. I hope that everyone in the chamber will also welcome and acknowledge that that team will remain in place after the general election to ensure that the plans move forward into law, no matter the result in May.

I, for one, add my support to ensuring that, where possible, the reforms that we have backed are devolved as soon as is practicably possible. In particular, given that 16 and 17-year-olds in Scotland have caught the democratic bug, I want to see them in the polling booths again in 17 months' time.

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): Will Ruth Davidson set out whether all the proposals need to be delivered in one legislative instrument or whether there is an argument to continue, as she set out a moment ago? If there is a case for votes for 16

and 17-year-olds to be devolved early, is there also a case for other powers to be devolved early if they do not require primary legislation?

Ruth Davidson: If we use the Scotland Act 2012 as our template for constitutional change, we will have a single legislative instrument—a single act—that transfers powers at different times.

I am pleased with the way that the pro-union parties have delivered. In September, I, Willie Rennie and Johann Lamont jointly supported a timetable for reform. On the morning of 19 September, the Prime Minister announced that Lord Smith of Kelvin would chair the negotiations for an all-party deal to crack on. In October, the command paper was published well ahead of schedule. In November, the Smith commission produced its report as promised. That is a record of delivery and commitments honoured, and it contrasts with the way in which the Scottish National Party has behaved.

On 20 September, as the process was already under way and as the SNP was being included in it, Alex Salmond claimed that we were reneging on commitments and accused us of shameless behaviour. We then had an untypically graceless performance from the Deputy First Minister at the launch of the report that he had signed only the night before. The new First Minister tweeted lines that she did not like and stood in the chamber to decry it as disappointing. Then we had the pathetic spectacle of three elected SNP councillors setting fire to the document outside their council chambers.

They signed it on Wednesday, whined about it on Thursday and burned it on Tuesday. Those are not the actions of a party that was dealing in good faith.

I know the SNP lines on that. It says that the vow was not honoured and insists that, somehow, the people of Scotland were let down, when what it really means is that the Smith recommendations are not full independence. It is the SNP and the SNP alone that feels aggrieved.

I say again that the people of Scotland specifically rejected independence. They want devolution to work. We are making that happen.

Mark McDonald (Aberdeen Donside) (SNP): Will Ruth Davidson give way?

Ruth Davidson: Not at this time.

The SNP would be unwise in the extreme to place roadblocks in the way of that development or to create straw men to knock down.

The SNP's complaints are misplaced and staggeringly hypocritical. Had the outcome in September been different, the party would now be trying to explain how its promises on the economy

could withstand an oil price that is nearly half what it claimed it would be. The Institute for Fiscal Studies stated that the SNP's figures already contained a £6 billion black hole, so the mind boggles at what would have happened when its fantasy economics collided with the reality of a volatile oil market.

On the subject of the SNP's response to Lord Smith's report, I must also express disappointment at the nationalist amendment to our motion. This debate was an opportunity for all five parties to back a path forward following the commission's proposals. We welcome the Liberal Democrat amendment, which calls for more devolution within Scotland. However, the SNP has chosen to rewrite our motion, purely, it seems, because it objects to the use of the word "significant" to describe the new powers that are coming our way. It is pretty risible stuff and I am afraid that it betrays once again the ideological blinkers of the nationalist Government.

Let me tell members that complete control over income tax bands and rates, with the money raised returning directly to the Scottish Government, is significant. The assignment of VAT is significant. The increased borrowing powers are significant. The devolution of power over air passenger duty and the aggregates levy is significant. In welfare, the power to top up any existing benefit is significant. The power for the Scottish Government to create any new benefits that it likes in any devolved area is significant. The devolution of attendance allowance and disability benefits is significant. The power to make variations in housing benefit is significant.

Jim Eadie (Edinburgh Southern) (SNP): Will Ruth Davidson give way?

Ruth Davidson: I have a long list and I am still going, so I will not give way at this point.

The devolution of the work programme—the largest welfare-to-work programme in United Kingdom history—is significant. Powers over elections, including changing the voting age, are significant. The devolution of the Crown Estate is significant. Devolution of tribunals, rail franchising and the British Transport Police is significant. The power over fracking is also significant.

Mark McDonald: Will Ruth Davidson give way?

Ruth Davidson: I look forward to any SNP MSP proving me wrong by having the good grace to stand up and say that that package of powers is significant. That includes Mark McDonald. Will he do that?

Mark McDonald: We have made it quite clear that we welcome new powers coming to this Parliament, but Ruth Davidson must accept that a range of organisations from civic Scotland have

said that they are underwhelmed by the proposals. She talks about the SNP wearing blinkers, but surely the suggestion that it is only the SNP that is disappointed by the extent of the Smith commission proposals when such a feeling exists in civic Scotland is a classic example of the unionists wearing blinkers.

Ruth Davidson: I reject that entirely. The Smith commission took submissions from people right across the land. For example, it took a submission from the Institute of Chartered Accountants of Scotland, which specifically rejected Scotland having control over corporation tax, just as the Scottish Trades Union Congress and many other organisations did, so I do not accept the member's point at all.

I move on to the proposals themselves. The challenge now is to spell out how the new responsibilities will be used. That is a massive challenge for us all. All 128 members, every party and the Government now need to add to our skill set so that we are ready to make the best use of our expanded role.

On tax and spending, the challenge is enormous. Instead of simply banking the annual cheque, it will be for this Parliament to decide how it manages its own account. That brings with it serious choices.

Mike MacKenzie (Highlands and Islands) (SNP): Will the member take an intervention?

Ruth Davidson: I want to make progress.

From Labour and the SNP, for example, we already hear calls to increase income taxation. That will be their choice and one that they can take to the electorate of this country. For my part, my priorities will be simple. First, I want to reduce the taxes that we will be responsible for. Early next year, the Scottish Conservatives will launch our low tax commission, which will examine how we can better use the basket of taxes that we will soon have control over and will advise us how best to go forward as a dynamic, low-tax nation.

Secondly, we will support all moves to grow the tax base. The "Government Expenditure and Revenue Scotland" figures show that, per head of population, income tax receipts are lower in Scotland than they are in the UK as a whole, but if we got those receipts up to UK levels, nearly £2 billion more per year would flow into the Scottish Government's coffers. That creates a real incentive for the Scottish Government to do so. Given that half of all VAT is to be assigned here too, there is also an incentive to grow retail sales to support Scottish businesses that make and sell things. That is the prize on offer if we drive our economy forward, and it is, I suggest, a significant prize.

We will also face big challenges on how we use the new welfare powers. Again, we will no doubt differ in our approach to how those powers should be used. I support reform of our welfare system that gives help and encouragement to people to get back to work and which cuts the country's benefits bill. The SNP opposes that reform. I back a cap on the amount that any one family can claim in welfare. The SNP says that it wants to lift that cap. I believe that it should not be possible to claim more in benefits than the average family earns through work. The SNP does not agree.

The choices that ministers face in this area are immense. The new personal independence payment system is to be devolved to the Scottish Government. The work programme will also be devolved. In addition, ministers will be able to propose entirely new benefits if they so wish. Just as the Scottish Government has chosen to eliminate the spare-room subsidy in Scotland, it will have the power to act in other areas, too. It could offer a resettlement benefit to prisoners who leave jail, a payment to lone parents in parts of Scotland who need childcare and even a Scottish winter wind and rain allowance for days like today. It may choose to offer all or none of those things, but the choice is there to be made.

What is proposed will take time to implement. Switching over complex benefit systems to the Scottish Government, which does not currently have the technical infrastructure to support those mechanisms, means that capacity will have to be built. That is something that we need to do right. We need the Scottish Government to act in good faith to ensure that that capacity is built and that the transition is a smooth one.

When he published his proposals last month, Lord Smith rightly described the commission's work as an "unprecedented achievement." He added:

"It demanded compromise from all of the parties. In some cases that meant moving to devolve greater powers than they had previously committed to, while for other parties it meant accepting the outcome would fall short of their ultimate ambitions. It shows that, however difficult, our political leaders can come together, work together, and reach agreement with one another."

I believe that he was right in that assessment. I also believe that voters in Scotland expect us to agree something else, too—that it is well past time for us to focus on the powers that we have and those that are coming to us rather than stoke false grievance about those powers that will remain reserved.

People in Scotland gave us their decision. They want a powerful Scottish Parliament that remains within rather than being separate from the United Kingdom. The work that the Smith commission

has put in means that we have the tools to deliver on that verdict, so let us get on and use them.

I move,

That the Parliament agrees with the Smith Commission's proposals to devolve significant new powers to the Parliament; welcomes the fact that all five parties represented at the Parliament came together to reach an agreement on these powers, and now recognises the need to move on from a debate about what powers are devolved to one that focuses on how best to use these significant new powers for the betterment of the people of Scotland.

14:55

The Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy (John Swinney): I seem to have offended Ruth Davidson in the formulation of the Government's amendment and in my comments on this subject. However, I find it rather strange that she has taken exception to my comments, given that I opened my remarks to the gathering at the national museum of Scotland by welcoming the additional powers that are coming to the Scottish Parliament and then pointing out the limitations of the settlement.

That is exactly the point that Ruth Davidson has just made, and which Lord Smith, too, reflected on: some parties will not believe that this is enough. It should not come as a particularly great surprise to anyone in the chamber that I did not believe that all of the powers that should have been delivered were delivered. As my colleagues have pointed out in their interventions, that view has been expressed by not just the Scottish National Party but a whole host of different organisations including the STUC, Engender and the Scottish Council for Voluntary Organisations.

In the Government's amendment, I have raised three issues that are substantively different from the proposition that the Conservatives have put forward, and they are material and serious points that the Parliament needs to reflect on. First, our amendment

"calls on both governments to produce draft clauses for the recommendations jointly to maintain this agreement".

I cannot for the life of me understand why that proposition is not being taken forward; indeed, it was put to the Prime Minister in a letter from the First Minister.

It seems to me that as we translate the Smith recommendations—which Lord Smith says in his own report will have to be translated into practical detail as a consequence of the headline commitments that have been put into the agreement—that should be done in a spirit of openness and transparency. It should also be done in the spirit of efficiency, because it would be a much more effective way of taking that forward.

What on earth is objectionable about such a proposition?

Secondly—and I hope that I might have some common ground with Ruth Davidson here; after all, it is why I intervened on her—our amendment

“looks for early action from both governments on implementation where possible and especially to allow the Parliament to extend the vote to 16 and 17-year-olds for the 2016 Scottish election”.

Ruth Davidson has accepted—indeed, she is committed to this—that there is an argument for taking steps outside a substantive piece of UK legislation to legislate to enable 16 and 17-year-olds to vote in the 2016 election. If we wait for the substantive UK legislation on this subject, that cannot happen. If we want it to happen, and I know that everyone in the chamber wants that to be the case, we need early action. There is unanimity in this Parliament on that point, and it seems to me from what the Secretary of State for Scotland told the Devolution (Further Powers) Committee last Thursday that the UK Government sees the argument for such a move.

I cannot for the life of me understand why there has been no reciprocal commitment to get on with legislating or taking forward actions that do not have to wait for substantive UK legislation. For example, the Calman commission recommended the devolution of air passenger duty back in 2010, and the Scotland Act 2012 contains a mechanism for devolving that power to the Scottish Parliament without the need for substantive legislation by the UK Parliament. I cannot for the life of me understand why that opportunity is not being seized to take the agenda forward and to devolve these responsibilities as quickly as possible.

In that respect, I was heartened by the comments that were made in a letter released just yesterday from Margaret Curran, the shadow secretary of state for Scotland, to the Secretary of State for Scotland. In that letter, she sets out a variety of areas on which she pledges that the Labour Party is willing to co-operate to advance these matters. After talking about votes for 16 and 17-year-olds, she says:

“I would also like to meet with you before Christmas to discuss what other proposals made by the Smith Commission may not require primary legislation and what powers we could seek to devolve through Section 30 orders.”

That appears to me to be a point in the process where the Labour Party has quite generously said, “Let’s get on with taking the steps. Why wait for the comprehensive piece of legislation?” Ruth Davidson concluded her speech with the great clarion call to get on with it. I want to get on with it.

Gavin Brown (Lothian) (Con): Will the cabinet secretary give way?

John Swinney: Perhaps Mr Brown will explain why the Conservatives are not prepared to get on with it.

Gavin Brown: Let us just assume for a moment that APD was devolved tomorrow. What would the cabinet secretary do with it?

John Swinney: Let us go back to the white paper, which said that we would halve APD. We would halve it over time before 2020 and then move to abolish it. That is taking the matter in stages. What Ruth Davidson says is, “Let’s do one thing—let’s devolve the power for 16 and 17-year-olds and do nothing else.”

Let us look at other provisions, such as the work programme. We all sat in the Smith commission and signed up to words in the document that say that we will devolve the work programme at the end of the current contract. Having done that, we found out that the UK Government is negotiating with the work programme contractors to extend the contract.

I hear Mr Johnstone saying that it is still the same contract. He will understand why I am just a little uneasy about the degree to which that represents good faith. We sat in the Smith commission and I signed up to a commitment to devolve the work programme at the end of the current contract. I am not seeking to escape from that, but we now find that the contract is being extended. That is happening at a time when there appears to be no willingness to extend the early devolution of responsibilities beyond the issue of 16 and 17-year-olds voting, on which we are delighted to co-operate with the United Kingdom Government.

Dennis Robertson (Aberdeenshire West) (SNP): Is the cabinet secretary as disappointed as I am to have heard that Iain Duncan Smith has already said that he is not prepared to change his mind with regard to the work programme?

John Swinney: That is a point to be regretted. However, the fact that the Secretary of State for Scotland made it clear in his meeting with the First Minister last Thursday that he would make representations within the United Kingdom Government to determine whether something different could be done to change Mr Duncan Smith’s mind has given me hope. I hope that that is successful.

The third difference between the Government’s amendment and the Conservative motion is the last part of that amendment, which proposes that the Parliament

“welcomes the contribution of stakeholders and the public to the work of the commission, and recognises the need for continuing meaningful public consultation and engagement to ensure the credibility of the process in Scotland.”

That is important for the very simple reason—I think that I went through this in my reply to Miss Goldie after my statement on the Smith commission report last week—that a whole host of organisations made their submissions in good faith to the Smith commission on what they would like to be devolved and they have not had those wishes fulfilled in what the Smith commission concluded. It is now important that we engage constructively and actively with the stakeholder community in Scotland to ensure that we properly reflect its concerns and aspirations as we take forward the legislation.

Those are the reasons why the Government has taken the stance that we have taken. However, there is one other point that I want to make. We have covered some of this already. The Conservatives quite understandably want to move the debate on to what we would do with the powers. I am, of course, very happy to debate and discuss what we would do with them, but there is a stage before we get to that: the implementation of those powers. There is the actual translation of all the agreement into legislative form.

It would be a sign of good faith if the United Kingdom Government was prepared to engage constructively about early implementation of the provisions. To say to people in the referendum, “Look you can vote no and you will get change quicker than you’ll get Scottish independence” and everyone was—

Alex Johnstone (North East Scotland) (Con): Will the member give way?

John Swinney: Do I have enough time, Presiding Officer?

The Deputy Presiding Officer: You can take the intervention if you want to.

John Swinney: In that case, I will happily give way to Mr Johnstone.

Alex Johnstone: Does the cabinet secretary recognise the irony in the fact that, having first told the world that the UK Government would not stick to the timescales that had been put in place, the Scottish Government—now that it has become obvious that the schedule will be stuck to—is complaining about the provisions not being brought forward in that schedule?

John Swinney: I was coming on to make the point that the fact that, during the referendum, people were told that if they voted no they would get those powers quicker than they would Scottish independence. Everyone was broadly agreed that, if Scotland had voted yes, Scotland would have been heading for independence in March 2016—*[Interruption.]* That was a commonly accepted view.

Lewis Macdonald (North East Scotland) (Lab): Will the member give way?

The Deputy Presiding Officer: The member is in his last minute.

John Swinney: Mr Macdonald will have to forgive me; I will give way to him in my closing speech.

That was such a seminal comment—Gordon Brown came along and said, “You won’t have to wait until March 2016; we’ll deliver these powers even earlier.” What are we now finding that the United Kingdom Government and certainly the Conservative Party are saying? I hope to hear from the Labour Party a reaffirmation of what Margaret Curran said in her letter to the Secretary of State of Scotland. We should be getting on with the job of implementing the powers as soon as we possibly can, and the Scottish Government will press the UK Government to deliver exactly that.

I move amendment S4M-11830.2, to leave out from “agrees” to end and insert:

“welcomes the agreement of all five parties to devolve further powers to the Parliament; calls on both governments to produce draft clauses for the recommendations jointly to maintain this agreement; looks for early action from both governments on implementation where possible and especially to allow the Parliament to extend the vote to 16 and 17-year-olds for the 2016 Scottish election; welcomes the contribution of stakeholders and the public to the work of the commission, and recognises the need for continuing meaningful public consultation and engagement to ensure the credibility of the process in Scotland.”

15:06

Tavish Scott (Shetland Islands) (LD): I want us to move on from endlessly discussing process to the things that do not have to wait, as Mr Swinney very rightly said. Many things can be done; indeed, that is what my amendment says.

Over the past seven years, the Scottish Government has stripped power away from local authorities and communities and has ruthlessly centralised decisions in order to create the trappings of power and state here in Edinburgh. Each and every part of Scotland has lost out because of that approach. The judgments of local people have been overridden by an ever-mightier central Government. From the northern isles to the Highlands and right down to the Borders, communities have been stripped of control of the local services that they need. Local councils have their funding and their taxes determined not by the town halls but by the Scottish Government. We want something rather different from that.

Around 60 front-line police stations across Scotland have closed their doors to the public under the Scottish Government. New police tactics are being imposed on communities by the

centralised national Police Scotland, and armed police have been routinely patrolling even the smallest villages and towns. Courts of justice have been closed across Scotland on the say-so of a handful of MSPs sitting in this Parliament. Decisions on major improvements to hospitals and health services have been taken out of the hands of local health boards and centralised in Edinburgh. Colleges have been forced to merge and cut their local ties. A single board now runs the whole fire and rescue service for the whole country, thereby losing local knowledge in the process.

Scottish Enterprise has been reorganised by the SNP so that decisions are taken at its national headquarters in Glasgow rather than, as used to happen, across Scotland. The Crofting Commission may be amalgamated with Scottish Natural Heritage and the Forestry Commission Scotland.

Liberal Democrats want a different approach to devolution from the one that we have in Scotland. We believe that people can be trusted with more, not fewer, powers to shape their areas. Local people are best placed to make decisions about the services that affect them, rather than all the decisions being taken in Edinburgh.

The SNP promised time and again as it centralised that services would be flexible and responsive to local needs. People know that that has not been the case. Now our calls for local devolution are not alone. As Lord Smith reflected:

"There is a strong desire to see the principle of devolution extended further, with the transfer of powers from Holyrood to local communities."

John Mason: Does Tavish Scott distinguish between local communities and authorities? In some cases, devolution needs to go below the city council or local council level.

Tavish Scott: Yes, I do. Mr Mason has made a perfectly fair observation. In a constituency such as his I suspect that there would be a different perspective from what would be the perspective in mine, given the size of the local authority that he no doubt deals with day to day.

The cabinet secretary today, but also in the previous discussions and statements that we have had on the Smith agreement, cited civic Scotland. Let me cite a few of civic Scotland's observations as well. In its submission, Scottish Borders Council told the Smith commission that there is a

"pressing need for the decentralisation of powers from the Scottish Parliament to local authorities."

The Scottish Association for Public Transport noted that the basis of devolution is that

"decisions about Scotland are best taken ... close to the people they affect and with their participation and consent."

The Scottish Council for Voluntary Organisations said:

"Scottish political parties should commit to decentralising new and existing devolved powers even further to people and communities wherever possible."

Bruce Crawford (Stirling) (SNP): Will Tavish Scott give way?

Tavish Scott: I ask Bruce Crawford to let me finish these quotations. I will then be happy to give way.

The Institute of Chartered Accountants of Scotland—an organisation that I am sure Mr Crawford has high regard for—believes that,

"In the spirit of devolution, consideration should be given as to whether the Scottish Parliament should cascade appropriate powers and responsibility down to local authorities."

As Mr Crawford is a great advocate of local authorities, I am sure that he would agree with that.

Bruce Crawford: I have listened carefully to the points that Tavish Scott is making. Most of them are about process, which he criticised John Swinney for talking about. Given our existing powers, can he give specific examples of ideas that the Liberal Democrats have for transfer of powers to local government?

Tavish Scott: I would never have centralised the police force and I would make sure the councillors in my part of Scotland were looking after the police again. Mr Crawford's party took that away from them. If he wants one example, I would end what he did with the national police force, because that was a terrible decision and a Government in the future will reverse it.

The Electoral Reform Society Scotland believes that

"citizens should be able to shape the decisions that affect their lives"

and that

"our institutions should reflect the people they serve".

I have heard much about listening to the case that civic Scotland and those kinds of organisations made to the Smith commission. It strikes me that the Government should heed that.

On the Crown Estate, it is not enough that this Parliament has control. As my amendment makes clear,

"responsibility for the management of the Crown Estate's economic assets and the revenue generated ... should be devolved to local authority areas"

such as Shetland and Orkney, as the Smith commission agreement says. I hope that the SNP will not block that but, rather, will make it happen as the agreement says.

I finish by touching on financial scrutiny of the Scottish Government. This is a highly centralised state, and for that reason I have argued before for a tartan office for budget responsibility. The UK Government got it right: it divorced economic and financial forecasting, which can be manipulated by politicians from central Government, and it established the Office for Budget Responsibility. The OBR is no friend of any UK Chancellor of the Exchequer and it is not meant to be. It provides an independent assessment of the nation's books, and not just for the Government but for all representatives and policy makers—indeed, for every member in this chamber.

The Deputy Presiding Officer: Will you draw to a close, please?

Tavish Scott: No such emphatic independent assessment is made of the Scottish Government's financial performance. The fiscal commission is not independent, but it should and must be. If Mr Swinney wants early action, which he called for in his remarks to the Parliament this afternoon, how about starting with the fiscal commission?

I move amendment S4M-11830.1, to insert after "these powers":

“; notes the comment made by Lord Smith that ‘there is a strong desire to see the principle of devolution extended further, with the transfer of powers from Holyrood to local communities’; believes that, having persistently centralised services over the last seven years, the Scottish Government must fully devolve powers in Scotland in a manner that is consistent with the recommendations of the Smith Commission agreement; considers that responsibility for the management of the Crown Estate's economic assets and the revenue generated from these should be devolved to local authority areas such as Orkney, Shetland and Na h-Eileanan Siar following the transfer of these powers to the Parliament as detailed in sections 32 and 33 of the Smith Commission report.”.

15:13

Drew Smith (Glasgow) (Lab): The Smith agreement comes at the culmination of an unprecedented debate about how our country is run and it fulfils our promise on both the substance of and the timetable for further devolution of power to the Scottish Parliament. The referendum three months ago settled the question of Scotland's place in the United Kingdom. The people of Scotland instructed all of us to make devolution work, with a stronger Scottish Parliament and a stronger partnership across the United Kingdom. That is what members on this side campaigned for and we believe that Lord Smith and the party nominees on his commission should be congratulated on delivering this extensive package of powers. We therefore support the motion.

In addition to having spending powers over health, housing, education, justice, enterprise and many other areas, this Parliament now stands

ready to take much greater responsibility for taxation, linking more effectively the money that Government has to spend and the performance of our economy. On welfare, it means that decisions on how best to support our people into work will be taken by those with the greatest understanding of the real labour market in every part of Scotland. Training for work should reflect the jobs that can be created, just as efforts to boost jobs should reflect our most vital asset: the skills of our people.

We can also join up policy in health and housing and work with extensive powers over disability and other welfare benefits. For the first time, the Scottish Government will have the power to create new benefits or make top-up payments and, with more flexible taxation powers, the choice over whether to do that and how to fund it will now be a real one. No longer will it be good enough for Scottish ministers to complain about other people's decisions without being willing to take action themselves.

Bruce Crawford: On top-up powers on welfare, in particular, does the member agree that it would be wrong if the proposals in the Smith commission's report led to a situation in which, if the Scottish Government chose to top up, universal credit would be reduced?

Drew Smith: I think that the secretary of state made that point to the Devolution (Further Powers) Committee, in response to Bruce Crawford's questions. I am aware of Bruce Crawford's concern about the issue and I hope that it can be taken forward in the discussions that the secretary of state said would take place.

The Smith agreement is a strong and ambitious extension of this Parliament's powers. That is why we signed it and that is why the next Labour Government is committed to implementing it in a new Scotland act in our first Queen's speech—or even quicker, on issues that do not require legislation, as the Deputy First Minister said. As Margaret Curran indicated, we are happy to have that conversation.

John Swinney: Mr Smith said that he supports the motion. Does he also support our amendment, which makes exactly that point?

Drew Smith: The Deputy First Minister described Margaret Curran's remarks on the matter yesterday as generous, and her remarks stand. I will come on to the Government amendment shortly.

Our modern Scottish Parliament is firmly entrenched in our national life and it is right that its maturity should now be recognised by giving it control over its elections. During the progress of new legislation in that regard, it is right that the Scottish Parliament should work in partnership with the UK Parliament, just as happened with the

Scotland Bill. We believe that the process that was used then should apply now.

It is a simple fact that the bill will be introduced in the UK Parliament by the UK Government. We all expect the UK Government and Parliament to act in the spirit of the agreement, and I say to the Scottish Government that we should not seek an unnecessary grievance on an issue of process before the ink is even dry.

People who held the minority view in September are entitled to continue to make their case for Scotland leaving the UK but, in doing so, they need to accept that strengthened and effective devolution is the position that most Scots support and around which even more Scots can unite.

When the full scope of the Smith agreement is implemented, our Parliament will be one of the most powerful devolved legislatures anywhere in the world. Labour likes that. We will always defend this Parliament, which we were proud to bring into being, and we will make the case for even greater devolution, beyond Edinburgh and to every community in Scotland. We will make the case for reforming the way in which the whole UK is governed, with a constitutional convention for all Britain, devolution for every part of the UK that wants to take decisions closer to home, and abolition of the House of Lords, which would be replaced by an elected senate.

Constitutional change might not be what motivates the Labour Party, but our record and our ambition make clear our commitment. Powers should be exercised in the interests of the people and at the level at which the people's voice is most easily heard. We should pool and share risk and resources where it is in Scotland's interests to work with our closest neighbours, we should take responsibility for ourselves where we can make a difference, and we should devolve power away from the centre, so that local government becomes more than just local administration.

The parties came together to make the Smith agreement, but we will all put our own cases as to how power should be exercised. Labour would use new powers to ensure that the people who have most pay a fair rate of tax; that is why we support the reinstatement of a 50p tax rate. We would reform the work programme to make it respond to the needs of regional economies in Scotland. Having placed double devolution at the heart of the debate, we will stand by our commitment not just to Scotland's cities but to Scotland's islands. We therefore support the amendment in Tavish Scott's name.

It is worth remembering the drivers behind the Smith process. Throughout and before the referendum, Scottish Labour argued that our alternative to a separate Scotland was a stronger

Scotland. That position was continually attacked by people who have always looked for faults in devolution and denied its strengths.

That is why we made a promise to come together with others and discuss our ideas, with a timetable set out in advance. We knew that we would have to compromise, and we have done. We knew that it would be a challenge to meet the timetable, but we proceeded in good faith at all times. In 1997, Labour promised a Scottish Parliament, and we had set up the Parliament by 1999. We initiated the Calman process, and devolution has been strengthened. In 2014, we published "Powers for a purpose: Strengthening Accountability and Empowering People", and we vowed to work with others to deliver a powerhouse Parliament. When Lord Smith was appointed to his commission, a promise had been made; when we signed the Smith agreement, that became a promise kept.

This year, 2014, has been a momentous year for Scotland. It is the year in which Scotland rejected independence and endorsed partnership. It is the year in which the parties agreed on further powers. To 2016 and beyond, the challenge is not constitutional but political. The greatest test of political will is not the collection of tools for the toolbox but the good to which we put the tools that we have to work.

The Deputy Presiding Officer: We move to the open debate. We are very tight for time, so I ask for five-minute speeches please. I call Lindy Ann—sorry, Linda Fabiani—first and Lewis Macdonald will follow thereafter.

15:20

Linda Fabiani (East Kilbride) (SNP): I have been called many a name in my day, Presiding Officer, but that is a completely new one.

I start by looking at some of the myths that surround the Smith commission. I do not mean the myths that the vow was delivered, that extensive powers are likely to come or that we will get home rule or as near federalism as is possible. I mean some of the other myths that are doing the rounds.

The first of those myths is that the potential transfer of powers will make this one of the most powerful non-sovereign Parliaments in the world. I do not buy that at all. Members are waving around SPICe briefings and quoting from them, but perhaps they should read the footnotes as well as the charts. For example, some countries such as Canada and Spain have differing levels of decentralisation to sub-central governments and they are not reflected in the charts, so regional differences in places such as Spain and Canada are not always taken into account. The Basque Country, for example, raises all taxes and pays

Madrid as the centre for services. That seems to be a much more powerful position to be in than depending on a grant for most of our income.

The second myth is that powers are already here. There seems to be an assumption that the Scottish Parliament has all the powers. I have heard it outside the chamber and I have even heard it in here, but we do not. We hope that the powers will all come. Drew Smith said that it is a fact that they will come. He might have total faith in his party should it win the UK general election. It is also touching to see that he has faith in the Conservative Party, the Liberal Democrats and the UK Independence Party. The powers are not already here, but let us hope that they will wend their way here through the Westminster process.

The third myth is that the SNP agreed with everything that was in the Smith commission and that it was the best for Scotland. Negotiations were entered into in good faith by all concerned. That does not mean that the premise that was agreed is necessarily the best for Scotland. It is the product of negotiation, discussion and agreement. As many have said, politics is the art of the possible.

James Kelly (Rutherglen) (Lab): Can the member confirm that the SNP signed the final agreement? [*Laughter.*]

Linda Fabiani: I was about to say that those who espouse that view are either naive, disingenuous or a bit daft; folk can make up their own minds about that.

The reality is that we are where we are, and we welcome the new powers as we support all progress for Scotland. However, we are disappointed at the lack of cohesion. For example, we have the work programme to help people into jobs but not job-creating powers. We have powers over some benefits to assist disabled people, but not the power to halt the absolutely shameful work capability assessments that cause such stress to many people who have disabilities.

Drew Smith: Will the member take an intervention?

Linda Fabiani: No, thank you.

Additional powers are welcome, but I do not believe that control of less than 30 per cent of Scotland's tax take and less than 20 per cent of welfare is extensive. It is disappointing.

The Scottish Government in the shape of John Swinney and the SNP in the shape of myself entered into negotiations in good faith. The ongoing discussions will, I hope, also take place in good faith. I have some worries about that following last week's appearance at the Devolution (Further Powers) Committee of the Secretary of State for Scotland. We talked about the work

programme and I pointed out that it is not working particularly well for Scotland. I do not think that anyone will disagree with that; certainly in all its submissions, civic Scotland agreed with that. With control, we could use it much more effectively. We owe it to our client group to do that.

We were told by the secretary of state that the commercial providers of the work programme have already been granted an extension until 2017.

The Deputy Presiding Officer: Please draw to a close.

Linda Fabiani: I believe that that is not in good faith. I have since heard that they are now negotiating to take it up to 2019. That is disappointing and I do not believe that it is in good faith. I ask for clarification on what is happening from the Conservatives and from the Liberal Democrats, because the Secretary of State for Scotland is a Liberal Democrat.

Let us look to get early responses to some of the issues. The work programme is one of the most important of all.

15:25

Lewis Macdonald (North East Scotland) (Lab): The Smith agreement marks another significant stage in the progress of Scotland's devolved Parliament. For Scottish Labour, the enactment of the agreement will be another historic step on the road to a political settlement that is fit for purpose in a modern social democratic Scotland.

It was another Smith—John Smith—who said that devolution was

"the settled will of the Scottish people".

He could not have known how that will would be tested 20 years after his death, but he would have been pleased that Scotland has emerged from that test with devolution strengthened, not cast aside.

Just as famously, Donald Dewar said that devolution was a process, not an event. He could not have known how that process would go forward, but he knew that the Scottish Constitutional Convention marked the beginning of a debate, rather than the last word in an argument. His vision, which brought us to this place, was not of fixed powers or settled institutions, but of a dynamic process of change that would evolve, mature and develop.

Nor was Donald Dewar's vision just about Scottish devolution. It was also about a reinvented United Kingdom with a devolved Scotland at its heart. The Smith agreement helps to advance that reinvention of the union, as well as the powers and responsibilities of this Scottish Parliament.

Not all the signatories to the Smith agreement are committed to a stronger union, any more than they were when they joined the campaign in support of the original Scotland Bill in 1997. However, John Swinney was explicit in his evidence to the Devolution (Further Powers) Committee last week that signing the Smith agreement committed him to

“endorse its contents and ... work in good faith to implement them”—[*Official Report, Devolution (Further Powers) Committee*, 4 December 2014; c 27.]

and that is a commitment that all members of all signatory parties should seek to deliver.

For those of us who support the devolution agenda in its own right, this next step is not just about additional powers for a devolved Parliament—important though that is. It is about reaching a new balance among the member countries of this United Kingdom. If John Smith and Donald Dewar made the case a generation ago for devolution to strengthen the union, it is important to restate that case today.

Rebalancing the union means reforming Westminster, of course. The union Parliament must be fit for purpose in the 21st century, and a future UK constitutional convention must have that topic high on its agenda. When some in Ruth Davidson’s party propose that Westminster should be something other than the union Parliament they are in danger of undermining the union itself, however inadvertently.

In October, William Hague led a debate on devolution following the Scotland referendum, which turned out to be about

“English votes for English laws”—[*Official Report, House of Commons*, 14 October 2014; Vol 586, c 180.]

at Westminster and not about devolution of legislation for England from Westminster. When Mr Hague was challenged about where he might find cross-party support for those proposals, the one example that he offered was that of the SNP. That is telling in itself.

If the United Kingdom is to evolve in future as a union of equal partners, Westminster cannot be both the English Parliament and the union Parliament at the same time.

John Mason: As Lewis Macdonald knows, our members do not take part in a vote at Westminster if it is on a subject such as health. Does he not think that it is morally wrong that Scottish Labour MPs take part in such votes?

Lewis Macdonald: No, I do not. John Mason comes to my aid as a witness, to prove that indeed English votes for English laws is not a proposition that is compatible with a strong United Kingdom.

A modern union Parliament should reflect all parts of the union, both through a House of Commons that is directly elected by all UK citizens on an equal basis and through a second chamber representing the nations and regions of the UK. Devolution to cities and regions within England will be important there, just as double devolution to Scotland’s cities, regions and islands will be important here.

The devolution of power in England must be devolution from Westminster, just as it has been in Scotland, Wales and Northern Ireland since 1997. Once it is started, devolution in England will no doubt evolve further, as it has done in the other countries of the United Kingdom.

Those issues will be resolved elsewhere, but they set the context for the Scotland bill, which will come to this Parliament for consideration in the course of the next 12 months or so. Responsibility for bringing forward that proposed legislation clearly lies with the Government of the United Kingdom, and specifically with the Scotland Office, as Alistair Carmichael told the Devolution (Further Powers) Committee last week.

It is not for Mr Swinney to invite himself to join in with drafting UK legislation, but that legislation has to deliver on the Smith agreements, and I hope that it will attract the support of all parties. I hope that it will deliver on the vision of John Smith and Donald Dewar, and on the vote of the Scottish people in September, by strengthening both the Scottish Parliament and the United Kingdom.

John Swinney: One of the points that we discussed at the Devolution (Further Powers) Committee last Thursday related to translating Smith into practical reality. One of the points that was made was about the extension of the scope of responsibilities on the Crown Estate to 200 miles. Does Mr Macdonald believe that to be inherent in the Smith commission report?

Lewis Macdonald: The discussions that we had at the committee last week point the way forward to how we can work together across different Parliaments and also with local government on the devolution of the Crown Estate among other things.

However, the proposition that Governments should work together to advise the process is a very different thing from Governments working together on the process itself. Mr Swinney should recognise that the opportunity will arise for all of us when the Scotland bill comes here next year. All members of the Parliament will be offered the opportunity then to say whether that bill is fit for purpose.

15:31

Mark McDonald (Aberdeen Donside) (SNP): Presiding Officer,

"Whilst there are certainly positive elements in these proposals, we are underwhelmed by the package as a whole which does not meet our aspirations."

That was from Grahame Smith, general secretary of the Scottish Trades Union Congress.

"Other equalities organisations also called for equality law to be devolved, and we are disappointed that only one small transfer of powers is recommended, to enable gender quotas on the boards of public bodies."

That was from Engender Scotland.

"We've said all along that anything less than wholesale devolution of welfare would be a real missed opportunity to meet the needs of the most vulnerable people in our communities, so we are disappointed to see that today's offerings fall far short of this."

That was from John Downie of the Scottish Council for Voluntary Organisations.

"does this really allow Scotland to design its own economic and social policies and to diverge significantly from what is happening in England? Not very much."

That was from Professor Michael Keating.

"The recommendations of the Smith Commission do not go as far as we – and many other civic organisations – had called for in our submissions".

That was from Mary Taylor, chief executive officer of the Scottish Federation of Housing Associations.

"We are disappointed that the Smith Commission failed to devolve all welfare and more fiscal powers to Scotland. We consulted with hundreds of disabled people and their near unanimous view was that we needed Devo Max including the devolution of all welfare benefits."

That was from Bill Scott of Inclusion Scotland.

"I think that in the longer term everybody involved may come to regret putting all the eggs in the income tax basket rather than looking at a spread of taxes."—[*Official Report, House of Lords*, 27 November 2014; Vol 757, c 1049.]

That was from Lord McConnell, the former First Minister.

To negate the view that is being put out that the disappointment about the conclusions of the Smith commission is somehow confined to the Scottish National Party, that was a range of quotations from representatives of organisations, most of which—other than Lord McConnell, who was an active campaigner for a no vote—took an avowedly neutral stance on the referendum, but nonetheless put across extremely strong views—

Tavish Scott: What!

Mark McDonald: Tavish Scott scoffs at the notion of civic Scotland taking a neutral stance during the referendum campaign. I was very disappointed to see him besmirch—

Tavish Scott: Will the member give way?

Mark McDonald: No, thank you.

Members: Oh!

The Deputy Presiding Officer (Elaine Smith): Order, please.

Mark McDonald: I have only five minutes, and Tavish Scott has the opportunity to sum up on his amendment. He can deal with the matter in his winding-up speech.

Those organisations did indeed look for strong powers from the Smith commission, which they did not find in its report.

We have considered the issue of early transfer of powers, which was explored during the deliberations of the Devolution (Further Powers) Committee. There is an opportunity to disaggregate some of the powers, and Scotland's airports have called for powers over air passenger duty to come as soon as possible. I welcome the view that appears to be coming from the Labour Party, that that could be pursued. We could work constructively on that.

Drew Smith: I very much hope that we can.

Mr McDonald listed views from civic Scotland. Will he quote any such views on what the Scottish Government describes as job-creating powers? Most, if not all, of those organisations describe that as dangerous tax competition.

Mark McDonald: It is interesting: Mr Smith appears to suggest that we should listen to people only when they say that we should not devolve something to this Parliament. [*Laughter.*]

The Deputy Presiding Officer: Order, please.

Mark McDonald: Let me explain that further. This Parliament is receiving powers around welfare and taxation. The question is to do with whether there is a coherence to those powers and how they can be applied in Scotland. Mr Smith suggests that there is a difference between us in our views on devolution. I suggest that the difference between us is not that I am ignorant of the strengths of devolution, but that he is ignorant of the limitations of devolution and has consistently been so. Time after time in this chamber, we hear the Labour Party put the onus on the Scottish Government to react to bad decisions that are made elsewhere and to use the devolved settlement to address the issues.

Some welfare powers will come to this Parliament but, at the same time, some welfare powers will remain reserved. At the Devolution (Further Powers) Committee, Mr Crawford raised the topic of welfare powers in the context of a paper that SPICe had prepared. Again, it is interesting that, much like members' different

views around the quality of submissions from civic Scotland, we have different views when it comes to listening to what SPICe says. SPICe itself has said that there is the potential for top-ups to reserved benefits or other decisions taken through devolved benefits to have an impact on the receipt of universal credit, which goes against the points that are outlined in paragraph 55 of the Smith commission report.

When we talk about the ability to create new benefits, for example, or to fund top-ups—Drew Smith said that we will have the powers to do that—we must remember that only a limited number of tax powers will be made available to this Parliament. I accept that that will require decisions to be taken, and I am sure that Drew Smith—when he sees top-ups being required or new benefits being created—will make proposals of his own on how those would be funded within the settlement. In essence, income tax is the only lever that can be used to generate such significant funding, unless we were to see significant increases through the assignment of revenue from VAT. However, I think we would all agree that that will not happen straight away, especially when we do not have those job-creating powers.

The Deputy Presiding Officer: Could you draw to a close, please?

Mark McDonald: Gavin Brown's intervention on Mr Swinney summed up rather neatly the whole problem in this process. He asked Mr Swinney what he would do with the power if he had it. *[Laughter.]*

The Deputy Presiding Officer: Order, please. We must hear the member conclude.

Mark McDonald: It is very simple. The principle is not about what an individual political party would do with the power; the principle is around whether the power should rest in the hands of the Parliament of Scotland. If all that people are going to do is say, "You can't have this power because you won't use it the way we want to use it," they are cutting off their nose to spite their face.

The Deputy Presiding Officer: I am afraid that I must now ask members to keep to their five minutes. We have run out of the little spare time that we had.

15:37

Murdo Fraser (Mid Scotland and Fife) (Con): If there is one thing that is in absolutely no doubt in this debate, it is that the Smith commission has more than delivered on the vow that was signed by the three UK party leaders. For the avoidance of doubt, let us remind ourselves what it said. It stated that

"the Scottish Parliament is permanent, and extensive new powers for the parliament will be delivered by the process and to the timetable agreed and announced by our three parties, starting on 19th September".

Members on the SNP benches should note that there was no mention of devo max, no mention of home rule, and no mention of federalism.

By any measure, the Smith commission proposals represent extensive new powers over taxation, welfare, elections, the Crown Estate, transport, consumer protection, employment programmes, fuel poverty programmes, rights to fracking and much, much more.

Dennis Robertson: Will Murdo Fraser give way?

Jim Eadie: Will the member give way?

Murdo Fraser: No. Let me make some progress.

Just so that we are clear, I say that the additional tax powers will mean that the Scottish Parliament will raise, as a percentage of total tax revenue, more than subnational Governments in Greece, Portugal, Ireland, France, Italy, Norway, Austria, Belgium, the Netherlands, Finland, Iceland, Denmark, Sweden, and Spain. It will also raise more than states in federal countries including the US, Germany, and Australia. That is an extensive set of powers.

Jim Eadie: I thank Murdo Fraser for giving way. Does he accept that this Parliament, even after the Smith commission proposals have been enacted, will be responsible only for 40 per cent of its revenue base? In what way is that "extensive"?

Murdo Fraser: I think that Jim Eadie will find from the Scottish Parliament information centre that the figure is more than 50 per cent. That puts us near the top of all the devolved subnational Governments in the western world.

Let us be in no doubt. When the SNP decries the powers that have been proposed by the Smith commission and claims that they are not extensive, it is simply misrepresenting the position and trying to con the public into thinking that what is proposed is insignificant. One thing that we could have predicted with 100 per cent accuracy before the Smith commission published its proposals was that the SNP would say that the proposals are not enough. True to form, that is exactly what the SNP is now saying, and it is ignoring the international evidence on how extensive the powers are in relation to those in other countries.

Stuart McMillan (West Scotland) (SNP): Will Murdo Fraser take an intervention?

Murdo Fraser: No. I need to make some progress.

I understand that the SNP wanted independence, but that is precisely what the Scottish people rejected not three months ago by a comprehensive margin. Short of that, the SNP now says that it wants devo max which, as the SNP defines it, is essentially independence by another name and does not exist, along the lines that the SNP proposes, in a single federal country anywhere in the world.

We need to move on from talking about what further powers the Scottish Parliament might have to discussing what we are actually going to do with the powers that we currently have, and with those that are to be devolved, to build the stronger Scotland that we all want.

Last week, I spoke in the chamber about air passenger duty. For years, we have had to listen to SNP members in the chamber, in committee and on public platforms demanding devolution of air passenger duty and decrying its negative impact on Scottish tourism. It is now time for the SNP to tell us what it wants to do with that tax, which is being devolved. In the white paper we were told that in the event of a yes vote APD would be cut by 50 per cent within the next Parliamentary session. That could have been at any point in the next six years—and, of course, people voted no. What is now to happen to APD? If it is as bad a tax as the SNP has claimed in the past, will the Government move quickly to cut or eliminate it? The SNP needs to tell us. There was no clarity at all on the issue from John Swinney when he was questioned by Gavin Brown earlier in the debate.

John Mason: Will Murdo Fraser give way?

The Deputy Presiding Officer: The member is in his last minute.

Murdo Fraser: On land and buildings transaction tax, the Scottish Government brought forward its proposals, which were gazumped by the chancellor last week. Many Scottish house buyers will be put at a competitive disadvantage come April, unless the Scottish Government has a rethink. Let us hear what it is going to do about that.

We also need to know what the Scottish Government proposes for income tax. The First Minister has hinted that there might be an increase in the top rate. That is a political choice that she and her party are free to make, but they need to be careful. There are some 13,000 individuals in Scotland paying the top rate of tax, very many of whom work cross-border with a base in London or elsewhere, as well as in Scotland. It will not take much for them to relocate their tax residency elsewhere, so an increase in the top rate of tax might well lead to a fall in the tax take.

Those are the debates that I am looking forward to having in the chamber. All parties can set out their ideas on taxation and welfare spending. Some will argue for higher taxes, and some will argue for lower taxes. The Smith commission allows us to have the proper rounded political debate that we have been missing for the past 15 years, and in which politicians in this Parliament will be properly financially accountable for their decisions.

The Deputy Presiding Officer: You must finish.

Murdo Fraser: We need to move on from talking about the constitution. People in Scotland had their say on September 18, and it is now time to make devolution work better and to build a grown-up Parliament for grown-up politicians.

The Deputy Presiding Officer: I am afraid that I have to give fair warning that I will need to cut members' microphones off at five minutes.

15:43

Roderick Campbell (North East Fife) (SNP): I begin by commenting briefly on the vow. It was produced late in the day and was imprecisely defined—it was designed to be so, in my view—but we should look at it in context.

On 8 September, in Loanhead, Gordon Brown called for a modern form of Scottish home rule within the United Kingdom, having said previously that if Scotland voted no it would receive powers that would be as near to federalism as possible in a nation where one part forms 85 per cent of the population.

The Deputy Presiding Officer: Mr Campbell, can you lift your microphone up, please? Is it on?

Roderick Campbell: I hope so. Yes.

Whatever the vow was meant to mean, the Smith recommendations can in no sense be construed as giving to Scotland the minimum that I believe the majority of Scotland now wants. The Smith outcome is not, in my view, what any self-respecting federal state would look like.

I mean no disrespect to Murdo Fraser and his references to elsewhere, but in Canada, as Iain Macwhirter points out in his new book, federal provinces are constitutionally able to tax anything that they want to tax except international and internal trade, and to set their own rates. In that context, Smith is a disappointment.

Ruth Davidson: Will Roderick Campbell take an intervention?

Roderick Campbell: Time is tight.

When we look at the Smith outcome, it is easy to see the shortcomings on tax: not just on

corporation tax and on oil and petroleum tax, but on taxes including inheritance tax and capital gains tax, which remain at Westminster. In that, the proposals do not meet the aspirations on tax not only of the STUC but even of the Liberal Democrats. James Mitchell, who is an independent commentator, has pointed out that although the Lib Dems maintain that Smith offers home rule and have long campaigned for home rule, it looks little like the set-up that was proposed by two previous commissions.

Let us look at what other organisations said in framing their submissions to Smith. On tax and national insurance, Unison backed devolution of national insurance because

“the link with contributory benefits is becoming increasingly weak and government needs to see the full impact of their taxation policy on people’s incomes.”

Only two taxes—APD and the aggregates levy—are to be devolved in full, and that was proposed by Calman, so maybe Smith is not quite as radical as has been suggested today.

As the Scottish Council for Voluntary Organisations pointed out in its submission to Lord Smith, having powers over a diverse range of taxes seems to be an appropriate and balanced approach.

Gavin Brown: Will Roderick Campbell give way?

Roderick Campbell: Time is tight.

Of course, the Campbell commission said nothing on welfare, but the Liberals finally embraced, with other unionist parties, proposals that will give control of a very modest 15 per cent of the welfare budget. However, my understanding is that the weekend before the commission produced its report, the Liberals, at their conference in Dunfermline, did a U-turn on their previous position—

Tavish Scott: Will Roderick Campbell give way this time?

Roderick Campbell: Let me finish the point, then I will give way.

According to a report in *Scotland on Sunday*, the Liberals did a U-turn from their previous position to a position of support for major welfare powers to be devolved, or a “major package” of welfare powers, according to a Lib Dem website.

Tavish Scott: Could Mr Campbell dredge up anything that is good about the Smith agreement?

Roderick Campbell: No. [Laughter.] The agreement is obviously a step forward.

In relation to welfare, the point remains that, if we take the personal independence payment out of the equation, we are left with just 6 per cent of

the total social security budget being transferred, which I suggest is very modest indeed.

The national carer organisations argued in their submission to Smith that in order to avoid complexity for complaints and the cost of managing two systems

“it would appear to make sense to devolve the full range of welfare powers”.

For just a short moment in the week before Smith reported, unionists seemed to be moving in that direction until, it appears, the London masters said no.

The minimum wage will, of course, remain reserved. As the Child Poverty Action Group in Scotland has pointed out, key levers for tackling poverty—the minimum wage, child benefit and wider economic and fiscal powers—will remain at Westminster.

To echo the expert working group on welfare and constitutional reform, I say that powers should be considered in tandem with other fiscal powers, such as the ability to create a fair tax base, greater borrowing flexibility and the ability to make greater investment and to create jobs, which would allow Scotland greater control of the factors in the labour market and the economy, such as employment rates, that affect and impact on welfare issues.

Paragraph 60 of Smith states:

“The Equality Act 2010 will remain reserved.”

Although gender quotas are, rightly, coming this Parliament’s way as Mark McDonald said, much more could have been done in that regard.

On immigration, partial devolution of power might have enabled the Scottish Parliament to reintroduce a two-year post-study work visa, which has been called for not only by the National Union of Students Scotland but by those august organisations the Institute of Directors and the Scottish Council for Development and Industry, among others. The SCDI’s view was that, without the visa, the economy will be undermined by continuing problems in attracting necessary talent. Again, the experience in federal Canada is instructive. I accept that, in paragraph 96, there is reference to that as an additional issue that could be considered, but we need quickly to turn that into reality.

We need to put in place the agreed recommendations at the earliest opportunity, not only in relation to votes for 16 and 17-year-olds but generally.

15:48

James Kelly (Rutherglen) (Lab): There can be no doubt that, compared with the set of powers that were devolved to the Scottish Parliament

when it first sat in 1999, the Smith agreement sets out a much more substantial step forward on tax and welfare. The set of powers presents opportunities for us to make a difference in relation to the issues that our communities throughout Scotland face.

A number of implications follow from the agreement. First, we will need to move on from the constitutional discussion. One of the unfortunate things about the debate is, surprisingly, that it is clear to me that the SNP has not moved on. I listened carefully to Mr Swinney, who was a bit like a lecturer at a seminar. We had 10 minutes of process and nothing about what the new powers could do to make a difference.

Jim Eadie: Tell us.

James Kelly: I will tell you.

The Deputy Presiding Officer: Order, please.

James Kelly: Mr Swinney and the SNP need to remember that we are elected to Parliament as politicians to represent our constituents and work on their behalf. When have the opportunity of substantially enhanced powers, it is incumbent on us to make those powers work and to make a difference.

John Mason: Does Mr Kelly accept that it is the Conservatives who, rather than choosing a subject that would enable us to debate what we can do, have chosen the constitution, because they are fixated on it?

James Kelly: This debate gives us an opportunity to examine some of the issues that exist in Scotland and how we can use the powers to make a difference. For example, yesterday the Scottish public health observatory published a study into health inequalities in Scotland. It noted that the average life expectancy of a male in Drumchapel is 73 years, while three miles away in Bearsden it is 10 years more, at 83 years. Nobody in this chamber would find that acceptable. The study demonstrated that although changes in health policy will have an impact on that, the biggest impact will be through changes in tax and welfare—which are handed down by the Smith commission.

Mark McDonald: Will James Kelly give way?

James Kelly: No. I am short of time.

One of the aspects that that study concentrated on was the living wage. SNP members have voted five times against extension of the living wage to public contracts. As well as examining the powers that are coming down the line, they should examine the powers that they currently have in order to make a difference to health inequalities.

Another issue that could be examined and developed is access to education. The SNP is

always telling us about how we have free education in Scotland, but the reality on the ground is that someone who stays in Morningside has an eight in 10 chance of getting to university while someone in the poorer areas of Glasgow has only a one in 10 chance of doing so. Access to free education is very limited in some parts of our country. We should be looking to use the new powers to take the issues forward.

Linda Fabiani: Will James Kelly give way?

James Kelly: I am sorry, but I am in my last minute.

In addition to that, only yesterday statistics were published that show that nearly 1 million households are now in fuel poverty. Again, that is completely unacceptable in today's Scotland and I am sure that no one in this chamber finds it acceptable.

The Smith agreement powers give us the opportunity to raise the top rate of tax to 50p and to introduce new benefits that could help in addressing access to education, health inequality issues and fuel poverty issues. That is what the debate should be about. People in Scotland are looking for us to move on. They are looking for leadership from this chamber and it is incumbent on all of us—including the SNP Government—to provide that leadership, to provide the ideas and to make a real difference, now that the constitutional debate has been resolved.

15:33

Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP): I want to start with a quotation from Lord Smith's foreword to his report.

"Scotland voted 'No', but it did so with each of the three main UK parties promising more powers for the Scottish Parliament. I was asked to lead a Commission, working with the five parties represented in the Scottish Parliament, to agree what those new powers should be."

The next part is the important part, for me.

"In doing so, I sought to give a voice to the public and the various organisations that make up the fabric of Scottish life."

I believe that, from the start, it has failed in that regard. The five political parties had to sign a contract. Therefore, those signatures were signed on behalf of their political priorities and probably, in the case of the three unionist parties, based on what the Scottish branches were told that they could sign up to by their London headquarters. How do I know that? I will read out another quotation.

"At Tuesday's cabinet, when Alistair Carmichael read out the plans taking shape at the Smith Commission table, one after another English Tory cabinet ministers challenged the

plans and their implications for their brief and their department.

Theresa May was amongst them, George Osborne too. The Culture Secretary Sajid Javid even raised questions about a separate National Lottery for Scotland. But Iain Duncan Smith was said to have been the sharpest critic of what was being cooked up—

those are the key words—

“in Scotland, fearing that his entire Universal Credit fabric was being unravelled.”

There were no discussions with the Scottish people; there were discussions down telephone lines to London.

Drew Smith: Will Christine Grahame give way?

Christine Grahame: I have only five minutes.

This de minimis offer cannot begin to match the compromise of devo max, which was prohibited from being on the ballot paper from day 1 by the unionist parties and surfaced only as an expeditious attempt to prevent independence. Even Murdo Fraser called it, in this chamber, the “so-called vow”, although I notice that he did not call it that today. Nick Clegg, however, prefers to call it “vow max” or “vow-plus-plus”. How far the Liberals and federalism have fallen.

The proposal is not even coherent—a key word that was used by Mark McDonald, and by Lord Smith in his summation. He asked for something substantial and coherent. We can argue about whether the proposal is substantial—the Opposition parties think that it is substantial; we do not—but it is definitely not coherent. One cannot touch one part of the benefits system without the whole of the benefits system being available. We cannot touch one tiny part of income tax without having the whole tax system available. What is proposed is destabilising. Had the unionist parties been astute—we know that they are not—they might have shot the independence fox for good, or at least wounded it very seriously, by devolving full tax and welfare powers to this Parliament, but they have done completely the opposite.

Liz Smith (Mid Scotland and Fife) (Con): Will Christine Grahame give way?

The Deputy Presiding Officer: The member is not giving way.

Christine Grahame: In the referendum, 1.6 million of the Scottish people voted for the full whack, and 1.6 million is not a tiny minority—it is a substantial number of people. A substantial number also voted for devolution at the last minute, thinking that they were going to get something big, not a pig in a poke. The unionist parties have not satisfied them. How do I know that? *[Interruption.]* Listen to me.

The Deputy Presiding Officer: Order.

Christine Grahame: The Scottish National Party has more than 90,000 members. I bet that the Opposition’s parties’ memberships are not going up. Why are they not going up? Because people are disappointed by how they have been treated by the Smith commission—and, by the way, my signature is not on that paper. It would never have been on that paper. We know that this contract was drafted according to the lowest common denominator so that all the signatures could be on it.

The unionist parties thought that the Smith commission would bury independence dead—they thought that it would put the tin lid on it—but it has done exactly the opposite, and I thank them very much for that. *[Applause.]*

The Deputy Presiding Officer: Order, please.

15:57

Jenny Marra (North East Scotland) (Lab): I thank the members who have spoken before me for their interesting and important contributions to the debate.

The Smith agreement, by virtue of being signed by all the parties in the Parliament, delivers what the majority of Scots voted for on 18 September 2014. It delivers the vow that was made to the people of Scotland—the vow for safer, faster and better change in Scotland. I feel honoured to be speaking about an agreement that upholds those pillars of agreement, compromise and consensus. Ultimately—and importantly—it also respects the democratic will of the Scottish people.

In addition, the Smith agreement delivers an exciting and vital reminder about the decentralisation of our economy. Putting more faith and investment into our local authorities will allow us to shape and mould our economy in a way that encourages the fair redistribution of wealth and the growth of wealth across Scotland and within each of our regions. The Labour Party has argued for such decentralisation. The SNP has stated that it would like to move towards a system of more local governance, but actions must now speak louder than words.

The advantages to our economy that the Smith agreement brings are multiple and, in a large way, they all supplement that focus on decentralisation. The devolution of income tax, which has been spoken about today, is one of those advantages. Powers over all rates and bands of income tax will allow the Scottish Government to assess and restructure fairly, ensuring that those who pay into the public purse pay a fair amount. Public spending will now be more contingent on the buoyancy of the Scottish economy, which should focus the attention of the Scottish Government more on how the economy is managed.

When it comes to business, the devolution of areas of competition policy will give the Scottish ministers the power to carry out full second-phase investigations into particular competition issues. Addressing such issues gives a more rigorous approach to creating and supporting sustainable business in Scotland and encourages a more organic development of our business sector.

However, the new job-creating powers that the Smith agreement brings are surely the most significant to all in our economy. That is where I take issue with Linda Fabiani. She said that we have the work programme but do not have job-creating powers. I argue that we have struck the balance. We remain inside one of the strongest and most integrated economies in the world but have the borrowing powers of Calman with income tax and the work programme. Those are the tools but, as I said to Mr Swinney last week and as every workman knows, the far more important point is what we do with those tools—the design, plan, execution and result.

Linda Fabiani: I accept that Ms Mara disagrees with me, but does she also disagree with the STUC and many other bodies in civic Scotland that have expressed disappointment at the lack of job-creating powers?

Jenny Marra: I listened with interest to the list of people that Mark McDonald read out. I remind Ms Fabiani that the contented are always less outspoken—we discovered that during the referendum campaign—and, for all the organisations that Mark McDonald cited, there are many, many, many that believe that the vow was delivered and exceeded and are happy with that.

Our plan is for a modern, industrial economy, devolving the work programme to local authorities, addressing local economic priorities, addressing the skills gap in information technology and engineering, and using our colleges as a powerhouse to drive the economy.

The Smith agreement makes the Scottish Parliament the most powerful devolved body almost anywhere in the world. What the Scottish Government does with those significant new tools will be the proof of its ambition for Scotland. Achievements over the past seven years of SNP government have been few. The SNP has only 18 months left; I hope that it gets its tools and gets working.

16:02

Stuart McMillan (West Scotland) (SNP): During the debate on the Smith commission on 28 October, I expressed my thoughts about what ought to happen. I suggested:

“the Smith commission must look at two key issues. The first is what powers can be devolved to Scotland to bring

about real social change to help us to create a stronger economy, with more jobs, while protecting public services; and the second is how to tackle inequality within our country.”—[*Official Report*, 28 October 2014; c 54.]

The commission had that opportunity, but I am afraid that it did not go anywhere near tackling those issues. Professor Michael Keating says:

“Proposals for devolution of welfare are piecemeal and lack coherence.”

We will discuss that tomorrow in the Devolution (Further Powers) Committee.

Drew Smith: Does Mr McMillan agree with Christine Grahame that Mr Swinney was wrong to sign the agreement?

Stuart McMillan: I do not disagree with John Swinney and Linda Fabiani having signed the agreement. It was done but, as Mr Smith recognises and indicated in his speech, there had to be compromises on all sides.

I welcome the additional powers that the Smith commission recommends be given to Scotland and will touch on a couple of the positives.

Paragraph 74 of the report concerns the proliferation of fixed-odds betting terminals—FOBTs. I have been campaigning on that issue and had a members’ business debate on the subject earlier this year. I place on record my thanks to all members who have supported the measure that is proposed in that paragraph. In particular, I thank Annabel Goldie for her support of it.

The details of the measure have clearly still to be ironed out, but the proposal is an important first step. I will pay particular attention to the draft clauses on that when they are published in January. However, the main issue is that control of the regulation of FOBTs will remain at Westminster, because gambling will continue to be reserved.

A second positive is the proposed extension of the franchise to 16 and 17-years-olds, which has already been discussed, and a third relates to the first part of paragraph 69, which recommends that the licensing of onshore oil and gas extraction—fracking—should be devolved to Scotland. That said, I am concerned about how long it will be before we get the power. Every member will agree that it is entirely feasible that, by the time we get the power, the UK Government could have granted a large number of licences to applications over which the people of Scotland will have had no say. When Alistair Carmichael, the Secretary of State for Scotland, was questioned on the implementation of the Smith recommendations at last week’s meeting of the Devolution (Further Powers) Committee, he stated:

"I think that the expectation at the moment is still that this will proceed as a package, given the range of issues with which we are dealing and the somewhat tight timeframe to which we are working."—[*Official Report, Devolution (Further Powers) Committee*, 4 December 2014; c 6.]

Although I welcome the power coming to Scotland, I have reservations.

Murdo Fraser: Will the member take an intervention on that point?

Stuart McMillan: I am sorry, but I do not have time.

I want to highlight a couple of negatives that I think merit some attention.

Paragraph 39 of the Smith commission report is on the formal consultative role for the Scottish Government and the Scottish Parliament in setting the strategic priorities for the Maritime and Coastguard Agency with respect to its activities in Scotland. I genuinely welcome the Scottish Government having the power to appoint someone to the MCA advisory board and the Scottish Parliament being involved at committee level, but two things strike me about what is proposed.

First, I would like to know whether the Scottish representative will be listened to and whether their recommendations will be acted on. Secondly, when we consider the extent to which the MCA workforce in Scotland has decreased since 2010, with coastguard stations closing and their activities being carried out elsewhere—I am referring to, for example, the closure of the Clyde station and the taking on of its work by the Belfast and Stornoway stations—that begs the question whether the proposed approach is just a sticking plaster to appease areas that have lost service personnel.

I believe that bringing the powers of the MCA to Scotland would have provided Scotland with the opportunity to design our own coastal protection measures in conjunction with the services that we currently possess but, unfortunately, that opportunity was missed.

In relation to the work programme, paragraph 57 was clear in stating:

"The Scottish Parliament will have all powers over support for unemployed people ... on expiry of the current commercial arrangements."

Last week, we heard that that contract has been extended. During last Thursday's meeting of the Devolution (Further Powers) Committee, I asked the secretary of state whether Lord Smith was made aware of the extension when he was going through the process. The secretary of state replied, "I do not know." Why would the UK Government keep Lord Smith in the dark over an issue of such importance? If the UK Government can do that on employment provision, what else has it done it on?

I do not think that the report measures up on the two recommendations that I made in the debate that we had in October, but I support John Swinney's amendment.

16:07

Patrick Harvie (Glasgow) (Green): Well, I am shocked. It seems that some people look at the report of the Smith commission and see a promise exceeded or overdelivered, while others look at the same document and say that the promise has been broken and that they are underwhelmed. Who could have guessed that it would end that way?

Of course it was going to end that way, not only because we were on different sides of the independence debate just a couple of months ago but because the report is being measured against a deliberately vague and ill-defined promise. It even avoided using sketchily defined terms such as "devo max"; it used entirely undefined terms and was then pumped up in the media and in town hall debates to make people think that something much more substantial and well defined had been promised.

I want to deal with the issue of whether we all signed off the Smith commission report by signing on the dotted line. If I remember rightly, we were asked to sign one copy as a souvenir for Tavish Scott—and we were happy to do so; I hope that he has had it framed and that it has pride of place on one of his walls—but the formal process was as has been described. It was a negotiation. Obviously, Mr Swinney, Ms Fabiani, I and others would have taken a maximalist approach and would have tried to persuade others to come as far as possible on a range of issues, and some people would have taken a lot of persuasion to come even as far as we have come. The result is that what we have is not a contract or a document that people have signed on the dotted line to indicate that it offers the best for Scotland; it is what came out of a process of haggling and negotiation. Let us accept that that is its nature.

Ruth Davidson has said that this has been a process of fast-forward constitutional reform, but part of the problem in trying to reach the final report and position was that fast-forward approach, the breakneck speed and our inability to take proper reflective evidence or take the time to look at the arguments in depth and reflect on them.

Now that the report has been published, however, the need for a multispeed approach is clear. There will be issues such as votes at 16 that require to be dealt with speedily if we are going to do what the report says that we should be able to do and make the change in time for the 2016

election. That cannot wait for a full package of legislative proposals. However, there are other aspects that cannot be included in the clauses that will be produced by the end of January, because they will require on-going negotiation between the two Governments. For example, the framework for borrowing powers is going to require further detailed negotiation between the two Governments, and it would be quite unreasonable to expect the detail of that to be published by the end of January. As I have said, there will need to be a multispeed approach.

As for Drew Smith's suggestion that proposing the use of section 30 for votes at 16 is somehow seeking unnecessary grievance—quite the contrary. I think that it simply points out the most sensible and straightforward approach.

Drew Smith: I am grateful that Mr Harvie has given me the opportunity to clarify this matter. We have said that we support the section 30 approach for votes at 16; indeed, Margaret Curran has gone further and said that we would be prepared to consider other areas where primary legislation would not be required. I was not arguing what Mr Harvie has suggested I was arguing.

Patrick Harvie: That was helpful, and I apologise if I misheard or misinterpreted what was said earlier.

One of the phrases that Labour has consistently used is “powers for a purpose”, and I have argued that that should be relevant to all our approaches to this debate. However, when we think about the powers that should be devolved to this Parliament, we have different purposes in mind. Some focus on the idea of financial accountability, as though the constraints that will still exist as a result of UK Government economic policy will simply lead to economic decisions being implemented on their behalf in Scotland.

The Deputy Presiding Officer: You are in your final minute.

Patrick Harvie: Others—the SNP, for example—might have in mind purposes that are different from mine in relation to corporation tax. I would argue that, even if we were independent, we should take a European Union-wide approach to the matter to cut loopholes for avoiding tax, and I would certainly like to end the situation in which the aviation industry is one of the most undertaxed industries in this country. I know that Mr Swinney will not agree with that.

Others focus on the purpose of pooling and sharing resources, which flies in the face of what I would call coherent evidence that that is not what the UK economy does successfully. In fact, it does exactly the opposite.

Finally, with regard to the coherence and durability that the commission sought, I have to say that I am doubtful. If, as others have argued, devolution is a process, I do not think that this will be the last bit of progress that we will see. I do not know where that progress will lead to, but I am sure that, in time, the commission's work will be seen as just one more little step on the road.

16:13

John Mason (Glasgow Shettleston) (SNP): I am very happy to follow what I thought was an excellent speech by Patrick Harvie.

Some good things have come out of the Smith commission. I particularly welcome full control of the rates and bands of income tax, powers over internal Scottish elections, some benefits, the licensing of onshore oil and gas and control over the number of payday loan shops and fixed-odds betting terminals. However, that is nothing like home rule.

A number of terms have been used in this debate, including “home rule”; “devo max”, which I have never really understood; and the federal system, which as I understand it, is more about how Government structures work than about how much power is decentralised to the individual state. However, it seems to me that home rule, which was mentioned as a promise before the referendum, has a pretty clear definition. In fact, it was used in the 1886 Government of Ireland Bill, which listed 13 areas that would be reserved. Those areas were:

“the status ... of the Crown”;

war and peace;

“the defence of the realm”;

international treaties;

“Dignities or titles of honour; ... booty of war”;

international law;

“Treason, alienage and naturalization; ... Trade, navigation or quarantine; ... The postal and telegraph service”;

beacons and lighthouses; coinage; and copyright.

Obviously, some of those terms are slightly outdated, but it is pretty clear that what we are talking about is control over what is happening within our own country and some things that are happening externally. As David Steel said in 1983,

“The principle of home rule is different from devolution. Under home rule, sovereignty lies with the Scottish people and we decide when it is sensible to give powers to the centre on issues like foreign affairs and defence.”

In effect, that is what Jersey, Guernsey, and the Isle of Man have. They have complete control over internal affairs, and they write a cheque for the war in the Falklands or whatever.

Some statements in the Smith commission report are pretty meaningless. For example, paragraph 21 of the report says:

“UK legislation will state that the Scottish Parliament and Scottish Government are permanent institutions.”

The last time I looked, the UK Parliament was not able to do that. If it passes a law this year, it can be changed next year. There is no written constitution in the UK, which is a major failing of the UK. Therefore, the UK Parliament cannot deliver on that promise.

Drew Smith: Is Mr Mason, as an independently minded back bencher, closer to Christine Grahame’s view or John Swinney’s view on whether the document should have been signed? I simply ask him whether he would have signed it.

John Mason: When the party sends me along to one of these negotiations, I will make a decision on whether I am signing.

On taxation, there is no movement on corporation tax, inheritance tax, capital gains tax, oil and gas taxation, fuel duty or excise duties. Although I accept that full devolution of VAT is not possible, the assignment of revenues is very much second best.

In the Finance Committee, we heard a variety of experts and academics arguing for and against different tax powers. For example, one argument was that it was sensible to go for land-based tax because the land cannot move, but that has been completely ignored.

Despite our having more control over income tax, national insurance is being kept reserved. However, we have heard much evidence that national insurance is effectively an income tax and is no longer really linked to pensions and benefits. Having full control of income tax and national insurance would have allowed the two to be combined and would have created a much simpler system that would have helped employers, who collect both, in particular. I would have thought that the Conservatives should have supported that.

Other members have spoken about welfare. I will not repeat what was said, but I reiterate my disappointment over there being no devolution of the statutory minimum wage. The living wage will always be voluntary, and we can only encourage or exhort people to implement it; we cannot force it on people.

The idea has been raised that we should pursue subsidiarity and that powers should not stop at Holyrood but should go further down to council levels. I am certainly comfortable with that, but it raises some questions. The Lib Dem amendment talks about “local communities” and “local authority areas”, although Tavish Scott clarified that he sees

the two separately. Are there sufficient checks and balances at council level? Are council committees strong enough to keep the executive under control? I suggest that that is not the case in Glasgow. Should Clackmannanshire, which has a population of 50,000, have the same powers as Glasgow, which has a population of 600,000? We have quite a lot of questions to deal with. Would we give powers to community councils? Sometimes they do not want them.

I am happy to support the Smith commission’s recommendations, but I still wonder very much whether Westminster will implement them, and they certainly do not go far enough.

16:18

Alex Rowley (Cowdenbeath) (Lab): I support Tavish Scott’s amendment, which I will come to in a tick. First, I will pick up on points that John Swinney made.

It is important that we recognise, as Lord Smith said, that there had to be compromise and that some parties would want to go much further. As Lord Smith said, the settlement might be enough for some parties, but not for others.

I always go back to the late Donald Dewar, who said that devolution is a journey. I genuinely believe that we are on a journey, and this is the next stage of it.

That is why it is crucial that we use the powers. The main campaign theme that I will work on as we move forward is that we should use the powers that we have—we have powers over health, education, transport and justice—the powers that are coming as a result of the Calman commission, the additional borrowing powers, and the powers that will come over tax, welfare and jobs as a result of the Smith commission. It is important that we do that.

I reiterate Drew Smith’s point that Margaret Curran was saying at the weekend, quite rightly, that we need to get on with that. Of course we do. Where negotiations can take place and where powers that are coming through the Smith commission can be devolved further, we need to be able to move—

Mark McDonald: Will the member give way?

Alex Rowley: I am sorry, but I have only five minutes.

We need to be able to get on with that. Indeed, last week, the UK Labour Party tabled an amendment to the Infrastructure Bill to devolve licensing for fracking to this place, because that is part of the Smith commission’s proposals. I would hope that all parties in here can work together to move forward and get those powers that can be

brought here to this Parliament as quickly as possible.

I will pick up on a point made by Ruth Davidson. She and others in the Conservative Party often talk about the pro-union parties. I have never seen myself as being pro-union—I am pro-Scottish. The best way forward for Scotland is to remain part of the United Kingdom, sharing and pooling resources or taking powers wherever that is necessary.

Tavish Scott mentioned the transfer of powers not just to Holyrood but to local communities. I recently read the common weal. It says that it is not just the poor who need a better Scotland—we all do. It states that, below the level of the Scottish Parliament, Scotland is one of the least democratic and most centralised countries in the developed world. We have enormous distant local authorities that manage people's communities without involving them and often without listening to them.

From time to time, John Mason also raises the point that we need to devolve powers further. Bruce Crawford asked what powers we would devolve. We would devolve the work programme not just to this Parliament but much further down, because all the evidence is that local authorities are far more successful. Over the past two and a half years, by investing in apprenticeships and working with business, my authority Fife Council has created more than 1,000 apprenticeships.

We need to look at devolving down more powers to local government; we also need to look at how we get more powers to communities. I have always campaigned on the belief that we would see more interest in community councils if they had the right powers. Indeed, there was enough interest in my constituency to lead to three recent elections to community councils.

The local government debate in the chamber tomorrow will highlight that where there are more powers at a local level—the fourth tier of local government—there will be more interest and more people taking part.

Let us be imaginative as we go forward and let us work together to get the powers devolved. It was disappointing that Mark McDonald, for example, spent the first two and half minutes of his speech talking about how underwhelmed he and civic Scotland were. Let us start using the powers that we have. As we move forward and we need more powers, that will be the next stage of devolution. However, the Scottish people want us to get on with it and do a job of work.

16:23

Dennis Robertson (Aberdeenshire West) (SNP): Alex Rowley mentioned Donald Dewar and the fact that we are on a journey. I agree. Devolution from Westminster to the Scottish Parliament is part of that journey; the devolution from the Scottish Parliament to local government is a journey that is also taking place.

When some members mentioned the devolution of tax and welfare, I firmly believe that they are misleading the public. If we want to have a frank debate with Scotland's people, let us be open and honest. The taxation that is coming is less than 30 per cent and the welfare coming is less than 20 per cent. That might be fine for some.

To be honest, we said that we had to compromise in the Smith commission, and there was compromise. No one from the other parties in the Parliament was going to agree with John Swinney, Linda Fabiani and Patrick Harvie and move towards independence. We knew that from the outset. What we hoped was that there was going to be further devolution to prepare Scotland for being a better, much richer place.

Iain Gray (East Lothian) (Lab): Will the member give way?

Dennis Robertson: Not at the moment.

I fully support the powers that we have and the powers that are coming down—I sincerely hope that the agreement that we have will lead to those powers coming down. I welcome Margaret Curran's intervention and the idea that those powers that can come to Scotland a bit quicker should do so. We should all welcome those powers.

There is probably one section in our society that is disappointed by the outcome of the Smith commission on opportunities for employment: people with disabilities. I cannot remember any speaker this afternoon mentioning opportunities for people with disabilities coming into the employment market. I think that the Smith commission has fallen short for that group of people. If employment law had been devolved to Scotland, we would probably have had a better opportunity to improve the socially unjust aspect of the current situation for people with disabilities getting back into the employment market than we do with what is being brought forward under the Smith commission.

Inclusion Scotland was right when it said that the process was a quick one. Basically, it was quick because it was said that it had to be quick. That prevented a better, longer dialogue with civic Scotland that could have heard more from the people about what they felt we should have

devolved, rather than just what the five political parties in the Smith commission came up with.

If we look at that part of welfare that is proposed to be devolved and the move from disability living allowance to PIP, we have said that the process should be halted in the UK Government and nothing else should be done to move towards PIP because it is an unjust settlement. In some areas, PIP has already disadvantaged many people with disabilities who were on DLA in the past, as they no longer have that benefit.

We should also consider the work capability assessment. People are still being unjustly assessed in terms of their capability for work, and there have been no alternatives. When the UK Government went ahead and closed places such as Remploy factories without having an alternative for people, that was wrong. We are looking at trying to have respect, which is what people with disabilities want. They want their dignity and they want to go out to work, but they also need a process to enable that to happen. The Smith commission does not afford that, and that is unfortunate. It is an opportunity missed.

I sincerely hope that, when members from the other parties sum up, they will reflect on some of those aspects. Opportunities have been missed. I welcome what we have and what we can do with it, but we should also reflect on what we could have had to enable a fairer and more just and equal Scotland.

The Deputy Presiding Officer: We turn now to the closing speeches.

16:28

Tavish Scott: I begin by thanking Lord Smith, the secretariat and all the participants in the Smith commission process, a number of whom are in the chamber this afternoon. I have not had a chance to do that on the record before, and I want to express my appreciation, as John Swinney did on an earlier day, for the broad tone of the discussions and how they took place.

Patrick Harvie was right to say that we were not all going to get what we wanted, and obviously we came with completely opposing views on the future constitutional settlement for this country, but on the whole I believe that the process had much to commend it in having people sit down and talk reasonably about things that need to happen.

In broad terms, this has been a spirited debate on an issue that is massively important for the future of our country. I want to defend the cabinet secretary and Linda Fabiani, given the range of vigorous attacks that they faced from their own side this afternoon. It seems unfair that Linda

Fabiani and John Swinney should have had to go through that.

At least Christine Grahame was commendably clear about her position of opposing the signing of the agreement altogether. She is the Parliament's great conspiracy theorist; she has certainly added clarity to the SNP benches today.

As for other SNP members, Rod Campbell said that there was nothing good in the Smith agreement and I could not quite decide whether Mark McDonald was arguing for or against the agreement. In fairness, Stuart McMillan said that there were some benefits in it, although we might observe that he needs to tell his staff that.

Patrick Harvie was right to say that his signature is on my copy of the agreement. I therefore consider that he has fulfilled the vow.

John Mason made a couple of good points. Like him, I do not understand what devo max means, although I think that it means independence, and I do not believe in that, so I suppose that that is my starting point. Mr Mason also made a good point about how we ensure the permanence of the institution. I just observe that local government in Scotland feels the same way about us as we might feel in terms of how Westminster would give effect to what was a clear recommendation of the Smith commission.

Denis Robertson Sullivan—I beg your pardon; I meant Dennis Robertson and not someone from a previous political life. I do not know where his name came from; let me quickly forget about that. Dennis Robertson talked about the journey of devolution from the Scottish Parliament to local government. The trouble is that the journey has been in the wrong direction for the past seven years. I would like to reverse the trend.

Linda Fabiani made one point with which I completely agreed—

Linda Fabiani: Ah.

Tavish Scott: I agree with lots of things that Linda Fabiani says. This afternoon I agreed with what she said about public awareness of the Scottish Parliament's powers. Lord Smith observed that what we do in this place and have done since 1999 on education, health, transport, agriculture and fish and law is not well understood and there is a role for Parliament in that regard. Indeed, when Linda Fabiani made her point, I thought about what we have done on our law. I can only imagine what the reaction of the Scottish Government would have been if a Secretary of State for Scotland in London had proposed the abolition of corroboration, one of the central tenets of Scots law, with everything that went with it.

Just as Mark McDonald was quite entitled to quote examples from civic Scotland on the transfer

of powers to Holyrood, as was the cabinet secretary, the rest of us are entitled to observe civic Scotland's position on lots of issues. I am sure that the cabinet secretary, reasonable man that he is, accepts that there are two sides to the argument and that many organisations think that there is much to be done within Scotland.

In that regard, Alex Rowley set out a fair test about devolving the work programme to a local level. I would continue that process. Skills Development Scotland is a big national quango, which does not work at a local level, and if Bruce Crawford, who is no longer in the chamber, were again to ask me the question that he asked when he intervened during my opening speech, I would make a strong argument for taking Skills Development Scotland apart and devolving its functions to a local level. The advice that Government ministers such as Mr Swinney need should be provided by a bit of the organisation, but the rest is ripe for reform so that a much better service is provided, whether in Fife or in Shetland, in relation to sorting out the challenges to do with colleges, workplaces and schools, which badly need to be sorted out.

As Ruth Davidson said when she opened the debate, this is a question of the choices that we will make in future on tax, welfare and the range of responsibilities that we will have. That is a good thing. I am sure that a day will come when even members on the Government front bench accept that it is a good thing, because they will be able to make choices and be held to account for them.

Whether a Scottish Government proposes a 50p top rate of tax or a zero rate at the bottom to do something about personal allowances, the Parliament will be able to debate different and interesting choices. When that starts to happen, I suspect that we will no longer engage in a somewhat arbitrary debate about where powers lie and that the issues will become much more real to us and, more to the point, to our constituents and every man, woman and child in the country.

Lord Smith said in his foreword to the agreement:

"Taken together, these new powers will deliver three important overarching improvements to the devolution settlement, making it more responsive, durable and stable."

The only other observation that I make is that there is work to be done in this Parliament on the accountability of ministers to the Parliament and on how our committee system works. It is about not just what happens outside the Parliament but our procedures in this place.

16:34

Iain Gray (East Lothian) (Lab): We have heard a lot about the vow today, largely from those who

did not make it, did not support it and did not believe that it would be delivered, but they now seem to be very concerned about what it was. They have told us that it was devo max, fiscal autonomy, full fiscal autonomy, full fiscal federal autonomy with added devo mega max and—according to John Mason—19th century home rule. I am with Mr Scott on this: I do not know what any of those things mean, which is why none of them was promised.

The vow was simple. The Scottish Parliament would be permanent and entrenched, the Barnett formula would be protected and there would be extensive new powers over tax and welfare. That could be a summary of the Smith agreement. Twenty billion pounds in taxes and £2.5 billion for the welfare system is coming to a Parliament near us and, very soon, 60 per cent of our spending will be funded by taxes for which we have some responsibility.

Patrick Harvie: I agree with the member's early point that the promise was ill defined; I made that point myself. However, he mentioned the permanence of the Parliament. Does he acknowledge that, in the absence of a written constitution, that cannot be achieved in anything other than a symbolic way? It cannot be legally delivered.

Iain Gray: At the very least, we can look at the Scotland Act 1998 and remove the section that says that the Westminster Parliament remains sovereign over the Scottish Parliament. That might be symbolic, but it will also be significant.

The Scottish Parliament will not just be made permanent; we will also be made responsible for ourselves, and the balance between legislative competence and fiscal competence will be redressed. The Parliament will be rebalanced, transformed and empowered. The fact is that the Smith agreement is the vow delivered on time and in spades.

I am glad to see that the Government's amendment finds something positive to say about the Smith agreement because, from one miserable contribution to the next, most SNP members have had nothing good to say about it. Indeed, the SNP's reaction to Smith has been dismal. The Deputy First Minister participated in it, agreed it and then denounced it from the platform at the launch. Even before that, the First Minister herself was busy in her office through the night, trashing Smith by tweet. At First Minister's question time that day, she warmly welcomed it and then rubbished it.

Meanwhile, the former First Minister is touting himself around a Government that has not yet been elected in a Parliament that he is not yet a member of, offering demand and supply

agreements in return for enhancements to the Smith agreement. We could be forgiven for asking what the SNP position is on Smith and who speaks for the SNP on the Smith agreement. No wonder some nationalist councillors were so confused that they ended up burning a document that had their own Deputy First Minister's name on it and which agreed to bring more powers to Scotland. It is just as well that they did not decide to burn the Smith representatives in effigy, because they would have been a bit surprised when they got to Linda Fabiani and John Swinney. Indeed, Linda Fabiani seems today to be a little unsure that she was actually there, and Christine Grahame has told her in no uncertain terms that she should not have been.

The powers in the Smith agreement are substantial. If we choose, we can reintroduce the 50p tax rate for top earners and a 10p rate to help lower earners. We can redesign the work programme to get people into work more effectively and redeploy hundreds of millions of pounds of disability benefits to reinject dignity into the system. I say to Mr Robertson that that includes the work choice programme to help people who have disabilities into employment.

We can attack child poverty by supplementing child benefit for families who are under stress. We can reform the carer's allowance and give carers the rights that they deserve. We can finally match attendance allowance and DLA to our own Scottish system for the care of the elderly.

In fact, Smith will enable us to create new benefits of our own—something that is currently disallowed by the Scotland Act 1998. Thus we will be able to construct, if we wish, a whole new Scottish welfare benefits system of our own design, built on the guarantee of UK-wide provision of pensions, social security and child benefit.

Linda Fabiani: Will the member give way?

The Deputy Presiding Officer: The member is in his last minute.

Iain Gray: Any politician who thinks that those are limited powers lacks imagination. Any politician who looks at this package of powers and sees only what it does not give them reveals themselves to be more concerned with gratuitous grievance than with effective government on behalf of the people. Any Government that thinks that the most important thing about the new powers is not what we can do with them but who gets to write the draft legislation that will give them to us has the wrong priorities.

Mr Swinney says that he wants to use the powers, but that first he has to talk about the process of implementation. Is that not the whole problem with this Government? There is always

something that it must talk about first. For five years it had to talk about a referendum, for two years it had to talk about independence and now it has to talk about the implementation of Smith. Scotland has had two years of a Government claiming that it can do nothing without independence; it cannot take another year of a Government claiming that it can do nothing until Smith is implemented. It is time to get on with the job now.

16:41

John Swinney: Tavish Scott accused my dear, long-standing friend Christine Grahame of being Parliament's conspiracy theorist. I want to add a further level to a conspiracy that Patrick Harvie began to give some details of. I do not know about Patrick Harvie, but I signed two copies of the Smith commission report. Maybe he was not invited to sign the other one. Not only did I sign a copy of the Smith commission report for Tavish Scott; I charitably signed one for Iain Gray into the bargain. If Mr Harvie was left off the second one, perhaps that exempts him from being a signatory to the entire agreement; I am not sure.

I am happy to confirm to Parliament that I was a signatory to those two copies and that I agreed the contents of the Smith commission report. That is the Scottish Government's position. We are happy to take forward the proposals in the report, but it would be fundamentally dishonest of me to stand in the national museum of Scotland or, more important, in Scotland's national Parliament and say, "This is the summit of all my ambitions." That would be a dishonest manifestation of my position. I do not know whether it is the summit of all the ambitions of the Liberal Democrats, the Conservatives and the Labour Party, but it is not the summit of my ambitions, and people should not disrespectfully suggest that members who honestly hold views that are different from others' should somehow recant things that they have believed for every moment of their adult life. That would be just hypocrisy.

Gavin Brown: John Swinney makes a perfectly fair point, but does he acknowledge, and will he say publicly, that, taken as a whole, the package is significant?

John Swinney: No, I will not say that.

Members: Oh!

John Swinney: I will not say that because it does not say that in the agreement. The agreement says that the package is a new range of powers. I am quite happy to say that it is a new range of additional powers. The agreement does not say that it is significant and I will not say anything that is not in the agreement. That is my answer to Gavin Brown's question.

Roderick Campbell: Will the cabinet secretary agree that the agreement is progress, however?

John Swinney: Yes, it is. That brings me to an interesting part of the discussion that has been advanced today. Everybody in the unionist parties has said that devolution is a process and that this is another step on the journey. If it is another step on the journey, there must be, by definition, some further destination.

Lewis Macdonald *rose—*

John Swinney: I will give way in a second, because I am just coming to the remark that Lewis Macdonald made. If I wrote it down correctly—and he will have the opportunity to correct me in a moment—he said that this was another step on the journey to get a fit-for-purpose constitutional settlement, which is an observation that I am happy to endorse.

Lewis Macdonald: I am very glad that Mr Swinney does so. What I was saying—clearly, I hope—was that the fit-for-purpose constitutional settlement that the Smith agreement helps to deliver is a stronger Scottish Parliament in a stronger United Kingdom.

John Swinney: If that is Mr Macdonald's view, fine. However, one of the other paragraphs of the Smith agreement that I signed up to—

Drew Smith: I am sorry, but will the Deputy First Minister give way on that point?

John Swinney: I will come on to Mr Smith in a second.

One of the other paragraphs that I signed up to is paragraph 18, which says:

"It is agreed that nothing in this report prevents Scotland becoming an independent country in the future should the people of Scotland so choose."

Responding again to Mr Campbell's question, I say that, yes, this is progress: it is more powers, and it gives us more responsibility and scope for action. Is it the summit of all my ambitions? No, it is not—and, yes, I intend to ensure that we reach the destination set out in paragraph 18.

Iain Gray *rose—*

John Swinney: I said that I would give way to Mr Smith, if he wishes. I will then give way to Mr Gray.

Drew Smith: The Deputy First Minister is very kind.

The Deputy First Minister said that Mr Macdonald's description of a stronger Scottish Parliament in a stronger United Kingdom was Mr Macdonald's position. However, does he not accept that that was the position that was voted for by the majority of people in Scotland, and that it is

the SNP's bad faith and poor tone in response to the entire Smith commission process that undermine people's belief that the SNP genuinely accepts the result?

John Swinney: I have never—not for one single moment since 18 September—tried to represent anything other than the fact that we did not win the referendum. I accept that entirely. Mr Smith should not get his researcher to go off traipsing through the internet to try and find a quote from me that somehow contradicts that, because there will be none—I can save them the bother right away. I have always accepted the outcome of the referendum. However—

Drew Smith: You have to demonstrate that.

The Deputy Presiding Officer: Order, please.

John Swinney: In demonstrating it, I took part in the Smith commission. Why are all three UK parties doing cartwheels—

Drew Smith: But you—

The Deputy Presiding Officer: Order, Mr Smith.

John Swinney: Why are they doing cartwheels about that beautiful moment when all five political parties got together in the one room for the first time? Apparently, it was a moment of great celebration. It happened because I accepted the outcome of the referendum. However, I want to move on from the outcome of the referendum to deliver a settlement that will meet the ambitions and needs of the people of Scotland. It is my democratic right to do exactly that, and the Labour Party cannot take it away from me.

I had better give way to Mr Gray.

Iain Gray: I simply wish to make the point that paragraph 18, to which Mr Swinney referred, is exactly the point at which Smith absolutely recognises Mr Swinney's democratic right to continue to argue for independence. We simply ask: can he not find one positive, good thing to say about the agreement that he was part of?

John Swinney: Mr Gray was sitting three or four seats away from me on the platform at the national museum of Scotland a couple of weeks ago when I said that we welcome the new powers that will come to Scotland: greater control over income tax, APD—blah-blah-blah. I said:

"We welcome these powers—as we support all progress for Scotland."

Was Mr Gray not listening on that occasion?

A lot of criticism has been levelled at me during the debate because I want to concentrate on translating some of the principles in the Smith report into the detail of legislation. I suppose that the conspiracy-theory element is that, somehow, I

think that what is in the Smith commission agreement will not be turned into legislative reality.

We had one example of the dangers last Thursday. At the Devolution (Further Powers) Committee, the Secretary of State for Scotland said that the Crown Estate's sea bed responsibilities would extend to 12 miles. The Smith commission representatives know full well—because we debated it ad infinitum—that, in the wording that we used and specifically the terminology that we put into paragraph 33 of the Smith report, we made specific provision for the fact that the area of sea bed covered in the devolution of the Crown Estate was to go to 200 miles. That was absolutely crystal clear. That is an example, within a week of the publication of the Smith report, of the Secretary of State for Scotland representing a position that is at odds with the report's contents.

Is it any wonder that I want to ensure that we are close to the drafting of the forthcoming legislation, so that what the Smith commission meant is turned into practical reality in that legislation? That is not an unreasonable position; that is called protecting the interests of the people of Scotland.

The Deputy Presiding Officer: I call Gavin Brown to wind up the debate. Mr Brown—you have 10 minutes.

16:49

Gavin Brown (Lothian) (Con): This has been an important debate. It has not been a good day for the Scottish Government, which has genuinely struggled all the way through the debate. It is no wonder that the Scottish Government did not want to hold a debate on the subject on its time; it just wanted to make a statement, during which it could have an uninterrupted 20-minute rant, followed by friendly back benchers asking very gentle questions about the Smith commission.

I am staggered that nobody in the Scottish Government—not even the usually reasonable Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy—could bring themselves to say that the Smith agreement represents a significant package of powers; it does. Ruth Davidson read out a list of the powers that are being transferred and devolved. She had to stop because she would have run out of time if she had carried on listing the powers that are being devolved. Many of them are significant individual powers. There is no bigger tax—

John Mason: Will Gavin Brown give way?

Gavin Brown: There is no bigger tax than income tax—unless John Mason can rebut that point.

John Mason: Will Gavin Brown accept that it is nowhere remotely close to home rule?

Gavin Brown: That question comes from the member who did not know what home rule is, did not know what autonomy is and did not know what federalism is—and he is deputy convener of the Finance Committee.

Individually, there are significant powers within the agreement, with income tax being the largest. However, how can any reasonable fair-minded person say that the package as a whole is not significant? We have heard some SNP back benchers describing the entire package as “de minimis”. They do not think that the entire package, which involves billions of pounds, is significant, but just a few weeks ago the Scottish Government was saying that the Legal Writings (Counterparts and Delivery) (Scotland) Bill gave us a significant competitive advantage.

Patrick Harvie: I am grateful to Gavin Brown for taking an intervention. Most things in life carry some significance. Does Gavin Brown think that it is significant that some people saw fit to do the hokey cokey with the welfare system?

Gavin Brown: I am glad that Mr Harvie at least can accept that there is significance in the package.

Let us move on to the important point, which is how significant the powers are. Anybody looking at devolution across the planet and across the ages has generally looked at three things: control of expenditure, control of revenues and the control of legislative power. It is only right that we look at all three of those things to work out how important the powers are, and what kind of Parliament they would give us.

Stuart McMillan: Will Gavin Brown give way?

Gavin Brown: Let me make some progress, then I will give way to Mr McMillan.

Every analyst on the planet talks about control of expenditure and control of revenue, with control of expenditure being one of the key measures. However, since publication of the Smith report, not one person in the Scottish Government has talked about control of expenditure. They want to talk only about control of welfare expenditure, as if that is the new measure and the only one that matters, and not about control of expenditure as a whole.

We have strong powers on expenditure—we always have. The amount was high before the Smith agreement, but the addition of many welfare powers—attendance allowance, carers allowance, disability living allowance and so on—represents the best part of £3 billion. That means, if we go by the “Government Expenditure and Revenue Scotland 2012-13” figures, that post-Smith agreement we will be in control of £36.8 billion out

of total Scottish expenditure of £65 billion. According to SPICe, the Scottish Parliament and Government will be in control of 56 per cent of expenditure within Scotland. That is a significant amount.

How do we compare with other countries around the world? Rather helpfully, Professor David Bell of the University of Stirling produced a graph plotting countries against each other to see how we compare on decentralisation ratios and yes—he was able to find three countries on the planet that have higher decentralisation ratios than us. They are Canada, Denmark and Switzerland. Perhaps they are the new arc of autonomy. That chart also showed that we are ahead of the rest of the Organisation for Economic Co-operation and Development countries, including Sweden, Germany, Norway, Spain, Finland, Austria, the Netherlands, Iceland, France, Portugal, Greece, Belgium and Ireland—

Christina McKelvie (Hamilton, Larkhall and Stonehouse) (SNP): Belgium?

Stewart Stevenson: Ireland?

Gavin Brown: Ireland—yes. Belgium—yes. That is what I said. Members are very good at this, Presiding Officer. There is Italy to add in, too. There are only three countries ahead of us, and they are only just ahead.

Turning to the control of revenues, I have to accept there was a weakness in the system that was set up by the Scotland Act 1998, but that has changed, and it will change following the Smith agreement. There was a vertical fiscal imbalance—to use the technical term—because initially we had control over only council tax and business rates. That was improved by the Scotland Act 2012, and it will improve vastly from now.

The agreement takes us from a position in which we are in charge of £4 billion-worth of revenues to one in which we will be in charge of approximately £20 billion-worth of revenues. The Smith revenues as a percentage of Scottish Government spending mean that we will be in charge of 55 per cent of the revenues against which we spend, according to SPICe.

In the spirit of fairness and completeness, because we have to put the whole package on the table, the Smith revenues as a percentage of total Scottish revenues would be 38 per cent—*[Interruption.]*

Members may scoff, but let us compare once more how we are doing internationally. Again, David Bell of the University of Stirling has plotted the comparison on a graph, using the 38 per cent figure—

Mike MacKenzie: Will Gavin Brown take an intervention?

Gavin Brown: I will, in one moment.

The graph again shows Canada and Switzerland ahead of us, and in this case it also shows Spain ahead of us. The other 14 OECD countries on the graph are all below us.

Mike MacKenzie: I am struggling to understand why a percentage point here or there in relation to powers over taxation revenue is important. Surely what is important is the ability of taxation powers to work together to improve economic growth and create wealth. I am interested to hear Mr Brown's explanation on that point.

Gavin Brown: I suspect that Mr MacKenzie needs more than my help to get through that. I do not think that £20 billion-worth of control over revenue is insignificant. I would not describe it as just a percentage point or two, even if Mr MacKenzie does.

I was drawing an international comparison from a graph that is pretty stark, in which there are only three countries—Canada, Switzerland and Spain—that have a decentralisation ratio that is greater than Scotland would have under the Smith agreement. All the other countries plotted on that graph are either below or significantly below us. That shows that the Smith package is a serious package of powers in terms of expenditure and revenue.

Mark McDonald: Will Gavin Brown take an intervention?

Gavin Brown: No, thank you.

David Bell, in the conclusion to his article, stated:

“Implementing Smith will mean that, in terms of fiscal federalism, Scotland will be closer to Canadian provinces and Swiss cantons, which are at the extreme end of the spectrum of devolved fiscal powers among OECD countries.”

That may not be what the nationalists want, and they are perfectly entitled to crave and campaign for independence—

Stuart McMillan: Will Gavin Brown give way?

Gavin Brown: One moment, please.

What the nationalists cannot say, and what nobody can say objectively, is that the Smith agreement is a “de minimis” package of powers and that it is not significant.

I have said twice that I would give way to Stuart McMillan, so I will do so.

Stuart McMillan: Thank you. Gavin Brown mentioned Professor Bell. Professor Michael Keating, however, suggested in his submission

that the proposals for devolution of welfare are “piecemeal” and lack coherence. Does Mr Brown agree with Professor Keating?

Gavin Brown: Stuart McMillan has managed to find an academic who disagrees, but what he has not managed to do, and what no SNP member has managed to do since the Smith commission’s report was published, nor in the debate this afternoon, is to cite countries other than Canada, Switzerland and Spain that have a greater decentralisation ratio than Scotland would have under the Smith proposals.

The third element, of course, is control of legislation, in which we have always had great powers. Those powers are being extended again through the Smith agreement.

In closing, I am glad that the Conservatives brought the debate to the chamber today. We have pointed out clearly that the powers really do mean something. They will make a big change, and in terms of international comparisons they are very difficult to beat. On that basis, it is time for the Scottish Government from its end to get on with things so that we can start to make a difference for people in Scotland. That is what people want.

Business Motion

16:59

The Presiding Officer (Tricia Marwick): The next item of business is consideration of business motion S4M-11832, in the name of Joe FitzPatrick, on behalf of the Parliamentary Bureau, setting out a business programme.

Motion moved,

That the Parliament agrees the following programme of business—

Tuesday 16 December 2014

2.00 pm Time for Reflection

followed by Parliamentary Bureau Motions

followed by Topical Questions (if selected)

followed by Stage 1 Debate: Welfare Funds (Scotland) Bill

followed by Financial Resolution: Welfare Funds (Scotland) Bill

followed by Legislative Consent Motion: Infrastructure Bill – UK Legislation

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members’ Business

Wednesday 17 December 2014

2.00 pm Parliamentary Bureau Motions

2.00 pm Portfolio Questions
Finance, Constitution and Economy

followed by Scottish Government Debate:
Developing Scotland’s Young Workforce

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

followed by Members’ Business

Thursday 18 December 2014

11.40 am Parliamentary Bureau Motions

11.40 am General Questions

12.00 pm First Minister’s Questions

followed by Members’ Business

2.30 pm Parliamentary Bureau Motions

followed by Welfare Reform Committee Debate:
Welfare Reform and the Smith
Commission

followed by Business Motions

followed by Parliamentary Bureau Motions

5.00 pm Decision Time

Tuesday 6 January 2015

2.00 pm Time for Reflection
followed by Parliamentary Bureau Motions
followed by Topical Questions (if selected)
followed by Scottish Government Business
followed by Business Motions
followed by Parliamentary Bureau Motions
 5.00 pm Decision Time
followed by Members' Business

Wednesday 7 January 2015

2.00 pm Parliamentary Bureau Motions

2.00 pm Portfolio Questions
 Justice and the Law Officers;
 Rural Affairs, Food and Environment

followed by Scottish Government Business
followed by Business Motions
followed by Parliamentary Bureau Motions

5.00 pm Decision Time
followed by Members' Business

Thursday 8 January 2015

11.40 am Parliamentary Bureau Motions

11.40 am General Questions

12.00 pm First Minister's Questions
followed by Members' Business

2.30 pm Parliamentary Bureau Motions
followed by Scottish Government Business
followed by Business Motions
followed by Parliamentary Bureau Motions

5.00 pm Decision Time—[*Joe FitzPatrick*.]

Motion agreed to.

Parliamentary Bureau Motions

17:00

The Presiding Officer (Tricia Marwick): The next item of business is consideration of three Parliamentary Bureau motions. I ask Joe FitzPatrick to move motion S4M-11833, on the designation of a lead committee, and motions S4M-11834 and S4M-11835, an approval of Scottish statutory instruments.

Motions moved,

That the Parliament agrees that the Finance Committee be designated as the lead committee in consideration of the Community Charge Debt (Scotland) Bill at stage 1.

That the Parliament agrees that the Budget (Scotland) Act 2014 Amendment Order 2014 [draft] be approved.

That the Parliament agrees that the Public Water Supplies (Scotland) Regulations 2014 [draft] be approved.—[*Joe FitzPatrick*.]

The Presiding Officer: The questions on the motions will be put at decision time.

Decision Time

17:00

The Presiding Officer (Tricia Marwick): There are up to six questions to be put as a result of today's business. I remind members that, in relation to today's debate, if the amendment in the name of John Swinney is agreed to, the amendment in the name of Tavish Scott falls.

The first question is, that amendment S4M-11830.2, in the name of John Swinney, which seeks to amend motion S4M-11830, in the name of Ruth Davidson, on the Smith commission, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, George (Paisley) (SNP)
 Adamson, Clare (Central Scotland) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Allard, Christian (North East Scotland) (SNP)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Biagi, Marco (Edinburgh Central) (SNP)
 Brodie, Chic (South Scotland) (SNP)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Burgess, Margaret (Cunninghame South) (SNP)
 Campbell, Aileen (Clydesdale) (SNP)
 Campbell, Roderick (North East Fife) (SNP)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Don, Nigel (Angus North and Mearns) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Finnie, John (Highlands and Islands) (Ind)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Harvie, Patrick (Glasgow) (Green)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Johnstone, Alison (Lothian) (Green)
 Keir, Colin (Edinburgh Western) (SNP)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lochhead, Richard (Moray) (SNP)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 MacKenzie, Mike (Highlands and Islands) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McDonald, Mark (Aberdeen Donside) (SNP)

McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McMillan, Stuart (West Scotland) (SNP)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)
 Salmond, Alex (Aberdeenshire East) (SNP)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Wilson, John (Central Scotland) (Ind)
 Yousaf, Humza (Glasgow) (SNP)

Against

Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Baxter, Jayne (Mid Scotland and Fife) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Brown, Gavin (Lothian) (Con)
 Buchanan, Cameron (Lothian) (Con)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Davidson, Ruth (Glasgow) (Con)
 Dugdale, Kezia (Lothian) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Goldie, Annabel (West Scotland) (Con)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Henry, Hugh (Renfrewshire South) (Lab)
 Hilton, Cara (Dunfermline) (Lab)
 Hume, Jim (South Scotland) (LD)
 Johnstone, Alex (North East Scotland) (Con)
 Kelly, James (Rutherglen) (Lab)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 Macdonald, Lewis (North East Scotland) (Lab)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 McArthur, Liam (Orkney Islands) (LD)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDougall, Margaret (West Scotland) (Lab)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McMahon, Michael (Uddingston and Bellshill) (Lab)
 McMahon, Siobhan (Central Scotland) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Murray, Elaine (Dumfriesshire) (Lab)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Rowley, Alex (Cowdenbeath) (Lab)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Scott, Tavish (Shetland Islands) (LD)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Liz (Mid Scotland and Fife) (Con)

The Presiding Officer: The result of the division is: For 64, Against 49, Abstentions 0.

Amendment agreed to.

The Presiding Officer: The amendment in the name of Tavish Scott therefore falls.

The next question is, that motion S4M-11830, in the name of Ruth Davidson, on the Smith commission, as amended, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, George (Paisley) (SNP)
 Adamson, Clare (Central Scotland) (SNP)
 Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
 Allard, Christian (North East Scotland) (SNP)
 Beattie, Colin (Midlothian North and Musselburgh) (SNP)
 Biagi, Marco (Edinburgh Central) (SNP)
 Brodie, Chic (South Scotland) (SNP)
 Brown, Keith (Clackmannanshire and Dunblane) (SNP)
 Burgess, Margaret (Cunninghame South) (SNP)
 Campbell, Aileen (Clydesdale) (SNP)
 Campbell, Roderick (North East Fife) (SNP)
 Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
 Constance, Angela (Almond Valley) (SNP)
 Crawford, Bruce (Stirling) (SNP)
 Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
 Dey, Graeme (Angus South) (SNP)
 Don, Nigel (Angus North and Mearns) (SNP)
 Doris, Bob (Glasgow) (SNP)
 Dornan, James (Glasgow Cathcart) (SNP)
 Eadie, Jim (Edinburgh Southern) (SNP)
 Ewing, Annabelle (Mid Scotland and Fife) (SNP)
 Fabiani, Linda (East Kilbride) (SNP)
 Finnie, John (Highlands and Islands) (Ind)
 FitzPatrick, Joe (Dundee City West) (SNP)
 Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
 Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
 Harvie, Patrick (Glasgow) (Green)
 Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
 Hyslop, Fiona (Linlithgow) (SNP)
 Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
 Johnstone, Alison (Lothian) (Green)
 Keir, Colin (Edinburgh Western) (SNP)
 Lochhead, Richard (Moray) (SNP)
 Lyle, Richard (Central Scotland) (SNP)
 MacAskill, Kenny (Edinburgh Eastern) (SNP)
 MacDonald, Angus (Falkirk East) (SNP)
 MacDonald, Gordon (Edinburgh Pentlands) (SNP)
 Mackay, Derek (Renfrewshire North and West) (SNP)
 MacKenzie, Mike (Highlands and Islands) (SNP)
 Mason, John (Glasgow Shettleston) (SNP)
 Matheson, Michael (Falkirk West) (SNP)
 McAlpine, Joan (South Scotland) (SNP)
 McDonald, Mark (Aberdeen Donside) (SNP)
 McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
 McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
 McMillan, Stuart (West Scotland) (SNP)
 Neil, Alex (Airdrie and Shotts) (SNP)
 Paterson, Gil (Clydebank and Milngavie) (SNP)
 Robertson, Dennis (Aberdeenshire West) (SNP)
 Robison, Shona (Dundee City East) (SNP)
 Russell, Michael (Argyll and Bute) (SNP)

Salmond, Alex (Aberdeenshire East) (SNP)
 Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
 Stewart, Kevin (Aberdeen Central) (SNP)
 Swinney, John (Perthshire North) (SNP)
 Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
 Torrance, David (Kirkcaldy) (SNP)
 Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
 Wheelhouse, Paul (South Scotland) (SNP)
 White, Sandra (Glasgow Kelvin) (SNP)
 Wilson, John (Central Scotland) (Ind)
 Yousaf, Humza (Glasgow) (SNP)

Against

Baker, Claire (Mid Scotland and Fife) (Lab)
 Baker, Richard (North East Scotland) (Lab)
 Baxter, Jayne (Mid Scotland and Fife) (Lab)
 Beamish, Claudia (South Scotland) (Lab)
 Boyack, Sarah (Lothian) (Lab)
 Brown, Gavin (Lothian) (Con)
 Buchanan, Cameron (Lothian) (Con)
 Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
 Davidson, Ruth (Glasgow) (Con)
 Dugdale, Kezia (Lothian) (Lab)
 Fee, Mary (West Scotland) (Lab)
 Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
 Findlay, Neil (Lothian) (Lab)
 Fraser, Murdo (Mid Scotland and Fife) (Con)
 Gibson, Kenneth (Cunninghame North) (SNP)
 Goldie, Annabel (West Scotland) (Con)
 Grant, Rhoda (Highlands and Islands) (Lab)
 Gray, Iain (East Lothian) (Lab)
 Griffin, Mark (Central Scotland) (Lab)
 Henry, Hugh (Renfrewshire South) (Lab)
 Hilton, Cara (Dunfermline) (Lab)
 Johnstone, Alex (North East Scotland) (Con)
 Kelly, James (Rutherglen) (Lab)
 Kidd, Bill (Glasgow Anniesland) (SNP)
 Lamont, Johann (Glasgow Pollok) (Lab)
 Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
 Macdonald, Lewis (North East Scotland) (Lab)
 Malik, Hanzala (Glasgow) (Lab)
 Marra, Jenny (North East Scotland) (Lab)
 Martin, Paul (Glasgow Provan) (Lab)
 McCulloch, Margaret (Central Scotland) (Lab)
 McDougall, Margaret (West Scotland) (Lab)
 McGrigor, Jamie (Highlands and Islands) (Con)
 McMahan, Michael (Uddingston and Bellshill) (Lab)
 McMahan, Siobhan (Central Scotland) (Lab)
 McTaggart, Anne (Glasgow) (Lab)
 Milne, Nanette (North East Scotland) (Con)
 Mitchell, Margaret (Central Scotland) (Con)
 Murray, Elaine (Dumfriesshire) (Lab)
 Pearson, Graeme (South Scotland) (Lab)
 Pentland, John (Motherwell and Wishaw) (Lab)
 Rowley, Alex (Cowdenbeath) (Lab)
 Scanlon, Mary (Highlands and Islands) (Con)
 Scott, John (Ayr) (Con)
 Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
 Smith, Drew (Glasgow) (Lab)
 Smith, Elaine (Coatbridge and Chryston) (Lab)
 Smith, Liz (Mid Scotland and Fife) (Con)

Abstentions

Hume, Jim (South Scotland) (LD)
 McArthur, Liam (Orkney Islands) (LD)
 Scott, Tavish (Shetland Islands) (LD)

The Presiding Officer: The result of the division is: For 62, Against 48, Abstentions 3.

Motion, as amended, agreed to,

That the Parliament welcomes the publication of the Smith Commission's report; welcomes the agreement of all five parties to devolve further powers to the Parliament; calls on both governments to produce draft clauses for the recommendations jointly to maintain this agreement; looks for early action from both governments on implementation where possible and especially to allow the Parliament to extend the vote to 16 and 17-year-olds for the 2016 Scottish election; welcomes the contribution of stakeholders and the public to the work of the commission, and recognises the need for continuing meaningful public consultation and engagement to ensure the credibility of the process in Scotland.

The Presiding Officer: The next question is, that motion S4M-11833, in the name of Joe FitzPatrick, on the designation of a lead committee, be agreed to.

Motion agreed to,

That the Parliament agrees that the Finance Committee be designated as the lead committee in consideration of the Community Charge Debt (Scotland) Bill at stage 1.

The Presiding Officer: The next question is, that motion S4M-11834, in the name of Joe FitzPatrick, on approval of a Scottish statutory instrument, be agreed to.

Motion agreed to,

That the Parliament agrees that the Budget (Scotland) Act 2014 Amendment Order 2014 [draft] be approved.

The Presiding Officer: The next question is, that motion S4M-11835, in the name of Joe FitzPatrick, on approval of an SSI, be agreed to.

Motion agreed to,

That the Parliament agrees that the Public Water Supplies (Scotland) Regulations 2014 [draft] be approved.

Penicuik Capital Credit Union Outpost

The Deputy Presiding Officer (John Scott):

The final item of business is a members' business debate on motion S4M-11049, in the name of Christine Grahame, on Capital Credit Union outpost Penicuik. The debate will be concluded without any question being put.

Motion debated,

That the Parliament commends Capital Credit Union on launching an outpost at Penicuik North Kirk; understands that this will be a pilot for a possible wider extension of the credit union across Midlothian and features the active involvement of the Church of Scotland and the Scottish Episcopalian Church through the partnership, Penicuik Churches Working Together; notes that the credit union facility is staffed by church volunteers with support from Capital Credit Union; wishes it well in its endeavours to encourage responsible saving and borrowing and in allowing people to access ethical products at fair rates of interest without having to turn to pay day lenders; thanks the church for providing the free premises, the Lothian Presbytery for contributing office furniture and all of the volunteers and everyone else involved in what it sees as this exciting and much needed project, and hopes to see other initiatives of this sort coming into being across Scotland.

17:05

Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP): A much calmer Christine Grahame and a calmer debate than the last one.

On 26 September, I attended the launch of a Capital Credit Union outpost at Penicuik North kirk. That sounds like something from the wild west, but it is actually a partnership with Capital Credit Union in Edinburgh and churches of other local denominations, such as St Mungo's and St James the Less. Volunteers, trained by Capital Credit Union, help run the service. Some of them made it through the storms and are in the public gallery tonight.

The church provides the premises free of charge, and Lothian presbytery provides the furniture. I am a member of Capital Credit Union—I should have declared that sooner. As members know, because they are all well informed, credit unions are financial co-operatives that provide savings, loans and a range of services to their members. Importantly, they are non-profit making. They are owned and controlled by the members—a bit like the old Trustee Savings Bank, which I think you might remember, Presiding Officer. Each member has one vote, and volunteer directors are elected from the membership, by the membership and for the membership.

Membership of a credit union is based on a common bond. That can be working for a

particular employer or in a particular industry, or simply living or working in a specified geographical area, which could be as small as a village or as large as several local authority areas—or, in this case, the size of Penicuik.

Credit unions encourage all their members to save. That word, “save”, is key. Members can pay in directly by payroll deduction or through benefit direct accounts; through retail payment networks such as PayPoint and Payzone; by standing order or direct debit; or in cash at local offices and collection points. They offer an affordable source of credit to their members. “Affordable” is another key word—we are not talking about loans that lead the borrower into personal financial crisis. In fact, credit unions are more responsible than the so-called responsible banks were or indeed are.

Credit unions are prepared to make small-sum and shorter-term loans that most banks and building societies do not offer. However, interest on credit union loans is always much lower than that charged by doorstep and payday lenders.

For example, home credit companies such as Provident openly advertise typical annual percentage rates of 399.7 per cent, while payday lenders such as Wonga can charge rates in the order of 5,853 per cent. Loan sharks can charge even more outrageous interest rates. Incidentally, credit unions’ interest rates for savers are not that bad, either.

At the North kirk, there is already a food bank, and the outpost is a further practical church initiative that is introducing people to the old-fashioned way of saving and borrowing responsibly. As I said before, the credit union is a not-for-profit organisation. The loans that are offered are on the basis of a proper look at what the person can afford, so that they do not get into trouble.

The initiative follows a special commission that was undertaken by the Church of Scotland in 2012, which called on the Kirk, society and our Governments to take action on four priorities: reducing inequality; ending poverty; ensuring sustainability; and promoting mutuality. The report encouraged the use of credit unions, commenting that, with the new breed of pawn shops, payday loans, cheque cashing and instant internet loans, it is easy for the unwary to fall into a debt trap.

In 2014, the Church of Scotland’s General Assembly took up that theme and encouraged all members of the church to save and to borrow with a credit union. I would encourage all members in the chamber, and people outside the chamber, to do that, too. That is what Penicuik, through its churches, is doing.

The facility is open from 10 am to 12 noon on Mondays, and 2 pm to 4 pm on Fridays. The target

was to sign up two new members to Capital Credit Union each week. In the first few weeks of operation, with a team of trained volunteers, the credit union has signed up 28 new members, thereby exceeding that target. Each of those people will have opened a savings account with Capital Credit Union. In addition, a loan has been taken out in that time.

I quote the Rev Ruth Halley of the North kirk:

“Joining a credit union is a great way to support ethical banking. Credit unions are responsible lenders and offer affordable credit. They also encourage us to save as well as borrow and are ‘not for profit’. ... This can be of real benefit to all the people of Penicuik, and the more people who join the greater that benefit will be. I’ve already joined, and I hope that everyone who lives or works here will join too.”

I encourage all members who are not yet members of a credit union to join one. The interest on savings is quite good and it is an ethical way to save that allows others to borrow responsibly. Better still, credit unions provide mutual funding for people who may not be able to access banks otherwise.

I congratulate the churches on their involvement. I am not a member of a church—I am an atheist—but I like to see churches putting their money where their mouth is. I commend the churches of Penicuik, which are doing just that. They are carrying out practical work in the community—first, through the food banks and, now, through the Capital Credit Union outpost—to encourage people in the community and to help those who may need a bit more help. I wish the pilot well and look forward to local credit union facilities being extended, following in Penicuik’s footsteps.

17:11

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): This time of year is a time for celebration, for being with family and friends and for reflecting on the year gone by. It is also a time of increasing pressure to give gifts, to spend and to splash out on treats for those we care about. For many, it is a time of stress as parents buckle under the weight of expectation and advertising to spend; for some, this time of year is no different from the rest of the year—a constant struggle to make ends meet. It is often the time when many people in Scotland turn to payday lenders and short-term solutions. That is why Christine Grahame’s motion is welcome.

Credit unions provide savings accounts and a range of services including a safe, reliable alternative to payday loans and their accompanying sky-high interest rates, which my colleague Kezia Dugdale has done much to highlight over recent years. I am sure that

everyone in the chamber commends that work, which has helped to make a greater number of people aware not only of the danger of loan sharks but of the existence of alternatives. The piloting and possible expansion of Capital Credit Union through the work of dedicated church volunteers is a very welcome development indeed. The more awareness that the Parliament can raise of that alternative, the better.

As Christine Grahame outlined, the volunteers at Penicuik North kirk give their time to run a satellite office for Capital Credit Union, where local people can find out about saving and borrowing with Capital Credit Union and can apply to join. The credit union office is staffed by volunteers from Penicuik North kirk, St Mungo's and St James the Less, all of whom have been fully trained by Capital Credit Union in a joint endeavour to offer fair, affordable savings and loans to church members and others in the community.

Traditionally, credit unions have been small, non-profit-making financial organisations that have been set up by members with something in common to benefit their community. That common factor may be living in the same town, working in the same industry or belonging to a particular trade union. The local North Edinburgh Credit Union serves the north Edinburgh part of my constituency, but Capital Credit Union serves my constituents and people in a much wider area. The advantage of a larger credit union such as Capital is that it is more able to provide the kind of loans that are an alternative to payday loans. For example, it can give fast-track loans of £500 to anyone who joins it at a rate of interest that is considerably less than is charged for even the capped payday loans that have been announced recently. The most extensive credit union loan will still incur eight times less interest than payday loans at their new cap. I hope that the cap will be reduced considerably because, although it was a step forward, there is a long way to go.

As I have said, to be part of a credit union, members generally need to share a common bond. That common bond means that those who pay in also have a say in the running of the credit union, so it is genuinely rooted in shared interest and community. It is part of the philosophy of credit unions that everyone pays a small amount in, to save for a rainy day, and everyone within the community gets the safety net they need in the full knowledge that they have a major role in the functioning of the union.

The more people who start to use credit unions, the better. Credit unions continue to call for measures to boost membership, and I would welcome any policies that the Government can bring forward to promote credit union membership.

For example, the credit unions say that they would like the public sector to encourage all employees to join a credit union, and there are various ways in which it could do that. Another demand from the credit union movement is that there should be a guaranteed loan fund for the purposes of lending by credit unions. Again, I would welcome the minister's comments on that. It would be a form of preventative spend, in that it would stop people getting into the kinds of difficulty that they get into with payday loans.

Credit unions are a great institution that I have admired for a long time and, at a time of immense distrust of the integrity of those who guide our financial systems, they offer an ethical breath of fresh air.

17:15

Kenny MacAskill (Edinburgh Eastern) (SNP):

I, too, record my thanks to Christine Grahame for raising the issue of credit unions. It has been raised in Parliament on previous occasions, but it is right that we discuss it again, not just because of the time of year, to which Malcolm Chisholm referred, but because credit unions are important in themselves, and we should continue to drive home that message, to ensure that the Government responds by continuing its commitment to them.

It is important for us to recall the general and the specific matters to which the debate gives rise. As well as paying tribute to the local credit union that Christine Grahame spoke about, those who work in it and those who act as volunteers, we should remember the specific issue that Christine Grahame and Malcolm Chisholm commented on.

I should declare that I am a member of a credit union—Castle Credit Union, which was originally Craigmillar Credit Union. It now serves an enlarged area, which means that it has benefited from greater capital and a larger membership.

We owe thanks to two groups. First, we need to thank those who are directly involved in credit unions and those who volunteer. Specific mention has been made of the churches. In debates in the chamber, members sometimes take a sceptical view of those members of the faith communities who volunteer. I share Christine Grahame's view that, regardless of whether people who volunteer are from the secular part of our society or are among those who profess a faith, we should welcome those who give and those who contribute. In my constituency and elsewhere, we face another swathe of church closures, and we might well rue the day that the opportunities that were offered in various communities, not simply by the church building but by the church hall and those who participated in activities in it, are lost.

I want to comment on two particular aspects. I turn first to the good work that is done by credit unions, which often operate in areas in which there are no banking opportunities. Craigmillar is an example of such an area. The community is smaller than it once was. There used to be a TSB branch there, but now there are no banking opportunities. The same is true of many peripheral areas—and some urban areas—in Scotland. The banks are going through a raft of closures. That is understandable, given that people such as me do internet banking, but the issue of access to funds and to banks in many areas of deprivation remains a significant problem.

It appears to me that the use of credit unions offers a solution. The outreach work that they do, to which Christine Grahame and Malcolm Chisholm testified, is seen not only in Craigmillar but in places such as Gilmerton in my constituency, where access to finance is also difficult. Credit unions offer people who are in deprivation, who face challenges and who cannot get access to finance an opportunity to deal with austerity, but they are not simply for those in deprived areas and the less well-off members of our society. They offer opportunities that I and other members take up.

In particular, I would like to put on record the good work that is done by the Scottish Police Credit Union. In doing so, I will touch on the point that Malcolm Chisholm made: credit unions are there for all. People who join the Police Service of Scotland are encouraged to join the Police Credit Union. That can be of benefit to them. Young men and women may find themselves being posted to police stations that are distant from where they live. They may have to buy a car, and it may be that the best way to obtain that vehicle and to be able to carry out their work would be through the Police Credit Union.

Credit unions provide an opportunity to address austerity, but they should also be used as a matter of course. No matter whether we are talking about MSPs, people in the public sector or indeed people in the private sector, credit unions have so much to offer not just in Penicuik but throughout Scotland.

17:20

Cameron Buchanan (Lothian) (Con): I, too, commend Capital Credit Union for starting an outpost at Penicuik North kirk, and I welcome Ms Grahame's motion, particularly as I am, for once, agreeing with her.

Access to credit at reasonable rates can be important for many people, and the responsible provision of it can make such a difference. That is particularly true of credit unions, which have the

local community's interests at heart. At the risk of repeating what everyone else has said, we have all heard the horror stories about payday lenders, the huge rates they can charge and how people can get trapped. Credit unions send out a much-needed message that those lenders are not the only option. I hope we can all applaud the efforts of the Church of Scotland and the Episcopalian Church in working to make this outpost a reality.

With more than 300,000 members nationwide, credit unions such as that represented at the new branch in Penicuik North kirk play an important role in Scotland. That large figure translates into about one in every 20 Scots. As we have heard, there are credit unions such as North Edinburgh Credit Union, the First Scottish University Credit Union, the credit union in Penicuik and many others right across the country, and their importance is considerably magnified when we compare them with payday lenders. Such companies, which have been known to charge an annual percentage rate of more than 5,000 per cent, have led many people, unwittingly and unwillingly, into financial difficulties that are difficult to get out of. Indeed, citizens advice bureaux in Scotland have reported that every week they deal with more than 100 cases involving payday loans.

A crucial point is that it is far better and easier to deal with financial difficulties by avoiding escalating debt in the first place. However, the solution is not simply to ban loans but to make them more affordable. An outright ban on payday lenders would not be a useful intervention, and a more practical and sustainable solution would be to overcome them competitively by undercutting them on interest rates. Thankfully, that is where the credit unions have stepped in by encouraging people to save—which, as has already been mentioned, is the key word.

Restricted by law to lend at a maximum of 26.8 per cent APR, credit unions certainly undercut payday lenders by a considerable and significant margin and are, in fact, beating them at their own game. Although that is good news for members of the public, such an option does not come easily, and it relies on volunteers to do a lot of the work. As a result, we must all recognise the effort and time that various people invest in credit unions, both in Penicuik North kirk and in the wider sector. The new branch of the credit union in Penicuik will be located rent free in Penicuik North kirk, will be furnished by the Lothian presbytery and will be staffed by volunteers from Penicuik North kirk, St Mungo's and St James the Less, all of whom have been fully trained by Capital Credit Union.

That shows just how much has been given freely to ensure that the credit union operates, and all involved should be loudly applauded. Without that kind of voluntary contribution, credit unions

would not be able to offer the relatively low rates of interest that they can at the moment. Given that the ability to undercut payday lenders on interest rates is central to our outmanoeuvring them, we cannot overstate the importance of the voluntary contributors.

I think that there is a lesson to be learned when faced with certain operators—in this case, payday lenders—who do not act in consumers' best interests. The solution might lie not in introducing severe Government legislation against them, but in putting in place private or third sector initiatives to outcompete them. As a result, demand and supply can be moved to responsible suppliers, instead of such lending being outlawed altogether.

Accordingly, I hope that the launch of a Capital Credit Union outpost at Penicuik North kirk can be commended by us all. The huge amount of time and effort put in by local volunteers will enable the outpost to compete with payday lenders and, in so doing, will provide a great service to the local community. This example demonstrates how communities can work together to deliver local services, and it highlights how the problems caused by questionable lenders can be overcome by outcompeting instead of outlawing them.

17:24

John Wilson (Central Scotland) (Ind): I, too, thank Christine Grahame for securing this members' business debate, which is, as other members have said, very timely not only with regard to the credit union movement itself but because of the time of year and the fact that we are coming up to Christmas. I will expand on that point later.

We almost forget the role that the Church of Scotland played at the general assembly in 2010, when it established the special commission on the purposes of economic activity. That resulted in the report that was produced in 2012. The commission was chaired by Professor Charles Munn, who clearly identified that the church could play a role in promoting greater economic activity in communities.

We can clearly see some of Professor Munn's suggestions in the motion. He quite clearly outlined that the church had resources in people and facilities that it should offer to credit unions and other community organisations to ensure that they could promote the credit union movement and greater economic activity in the areas in which they had a presence. I am glad that church members and the churches in the Penicuik area have taken that on board and to heart, and I hope that we will see that type of development throughout Scotland and that other churches will

get involved and carry out the good work that was first suggested by Professor Munn.

I want to allude to some examples. We talk about payday lenders and online payday lenders with 278 per cent APR. Christine Grahame mentioned Wonga, which promotes a loan at 1,538 per cent APR. However, we forget high street stores that offer goods at double their value.

I took two examples this afternoon. If a person buys a PlayStation 4 in an average store, they will get it for £400, but in a particular high street store it is £636. It claims an APR of 94.7 per cent. The total price that is paid for something that could be bought for £400 is £1,300. That is three times more than if it was bought with cash.

An Xbox 1 console with a game is approximately £370. The same high street store sells it for £738.87. With 94.7 per cent APR, the total payable is £1,508.

That is the type of thing that is happening in many communities throughout Scotland. Parents are under pressure to buy the latest games or consoles, and people are feeding off that deprivation and those individuals and they are making profits out of that.

We have to bear in mind that the issue for all of us is that we want a fairer society. Credit unions are not the poor man's banks, as many have described them. Kenny MacAskill quite rightly said that some of the most successful credit unions are ones that can draw down the salaried staff who will contribute to them and which offer mortgages to their members. We need to ensure that credit unions have a balance in those who are involved and that they can get people actively involved across society.

My only dissenting note is that, although I welcome Capital Credit Union's move out to peripheral areas and expansion, I wish that it would speak to the existing credit unions in those areas to which it is expanding. Two weeks ago, I received an email from a credit union that had more or less raised a concern that Capital Credit Union, because of its size and savings, can undercut some of the smaller existing credit unions. I make the plea that it should speak to the existing credit unions in an area. If there are no existing credit unions there, it should by all means go in and establish a credit union outpost, but it should consult, discuss matters with and involve any existing credit unions in areas.

Finally, I welcome the work that the Scottish Government has done in the past, particularly in the 12 days of debtmas campaign at this time last year, and I look forward to the work that it will take forward in the future to promote and enhance the role of credit unions in society.

17:29

The Minister for Housing and Welfare (Margaret Burgess): I, too, thank Christine Grahame for securing this debate on this credit union issue, which I think we all agree is very important. I also express my thanks and congratulations to everyone who has invested their time and energy in making the new Capital Credit Union outpost in Penicuik a reality.

I am delighted to see how engaged the church is with the credit union movement and that the two are working together to help their communities. I am sure that I speak for everyone in the chamber when I say that I hope that the Penicuik pilot will be a resounding success and that we see similar partnerships rolled out elsewhere.

All across the country, there are people interested in working together to bring ethical, affordable financial services and products into the heart of their communities. We should all do that we can to bring people together and support them in their endeavours to do that. That need not just be by churches—any organisation or group with space and a willing group of volunteers could develop similar partnerships.

The Scottish Government's support for the Penicuik pilot forms part of our wider work to promote credit unions. The work recognises the significant contribution that credit unions make to Scotland's financial landscape, providing financial services and products to a wide range of customers. Those customers are often the most financially vulnerable or excluded, although Malcolm Chisholm, Kenny MacAskill and John Wilson all made the point that credit unions are not just exclusively for those on low incomes; they absolutely understand the need to have people from across society in their membership.

It is very often the people on low incomes—and they are seeing no increase to that income—who are bearing the brunt of changes to the welfare system. Credit unions can play a role there, too. Some credit unions are delivering new services to help those affected by welfare changes. I welcome that.

In my area, I am aware that the 1st Alliance (Ayrshire) Credit Union has a relationship with the six housing associations in the area. Those in the housing associations are being encouraged to join their local credit union. That is a good move.

As part of Scottish Government's support, we have been working with the private and public sector to raise awareness of the benefits of credit union membership. We have heard from all the speakers about the benefits of being a credit union member. In particular, we have been encouraging the take-up of payroll deduction schemes, which Malcolm Chisholm mentioned, including for

Scottish Government and Scottish Parliament employees.

We have also been working closely with schools to improve financial education and to promote credit unions as a viable means to save. There has been significant activity to promote credit unions, such as last year's 12 days of debtmas campaign by the Accountant in Bankruptcy, which John Wilson mentioned.

I am sure that we all share concern at the reports of spiralling personal debt as a result of high-cost loans. The Scottish Government does not have the power to regulate in that area. I would very much like to see that change, but until that day comes I assure members that we are doing everything we can to bring about the changes that we can make, so far as devolved legislation allows.

The Scottish Government has been pressing for a cap on payday loans. When I was preparing for the debate, I remembered that my first members' business debate in the chamber as a back bencher in March 2012 was about payday loans. I called for a cap to the interest rates for payday loans. A cap will be introduced in January 2015, but that action is too little, too late. I agree with Malcolm Chisholm: the proposed cap is too high. Fergus Ewing, the Minister for Business, Energy and Tourism, will continue to urge the financial service to look at that again.

We are pleased that the payday lending industry is being subjected to greater regulation, but more work is needed.

Linked to our work to promote credit unions, last week my colleague Fergus Ewing launched the new financial health service for Scotland website. The website aims to help people build their financial resilience and prevent repeated debt problems. It brings together information on issues including debt advice, employability and access to ethical and affordable lending, such as that provided by credit unions. The aim is to provide a central hub, allowing people to find in one place trustworthy organisations to help them with their financial queries or difficulties.

To discuss what more we can do to promote credit unions, the Scottish Government has set up a credit union working group, chaired by Fergus Ewing. The group is looking at ways to ensure that we have a secure, thriving and sustainable credit union sector in Scotland; that credit unions have a wide and varied customer base; and that the financially vulnerable are supported by having alternatives to high-cost lending.

Looking back again to the debate in 2012, I said at that time that I would like to see credit unions being the first resort in the high street for saving

and affordable borrowing. That is what we should be aiming for as the first port of call.

The working group's first meeting was held on 9 October and it will meet again early in the new year. It has already highlighted a range of areas that we can take forward, such as encouraging employers to link with credit unions to encourage save-as-you-earn schemes. I think that all members who spoke in the debate asked for that.

This debate has highlighted the vital role that credit unions can and do play. The Penicuik outpost is a great example that shows the desire within our communities for people to come together, work together and make a difference to people and their communities.

Meeting closed at 17:35.

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